UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2019

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________ to ___________

Commission File No. 1-12504

THE MACERICH COMPANY

(Exact name of registrant as specified in its charter)

Maryland	**95-4448705**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
401 Wilshire Boulevard, Suite 700, Santa Monica, California	**90401**
(Address of principal executive office, including zip code)	(Zip Code)

(310) 394-6000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Securities Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Common Stock, $0.01 Par Value	MAC	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve (12) months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past ninety (90) days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding twelve (12) months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of large accelerated filer, accelerated filer, smaller reporting company and emerging growth company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	x	Accelerated Filer	☐	Non-Accelerated Filer	☐	Smaller Reporting Company ☐
						Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding as of August 2, 2019 of the registrant's common stock, par value $0.01 per share: 141,265,383 shares

THE MACERICH COMPANY

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THE MACERICH COMPANY

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value)

(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS:		
Property, net	$ 6,689,545	$ 6,785,776
Cash and cash equivalents	104,880	102,711
Restricted cash	43,548	46,590
Tenant and other receivables, net	124,051	123,492
Right-of-use assets, net	153,156	—
Deferred charges and other assets, net	300,143	390,403
Due from affiliates	11,005	85,181
Investments in unconsolidated joint ventures	1,517,771	1,492,655
Total assets	$ 8,944,099	$ 9,026,808
LIABILITIES AND EQUITY:		
Mortgage notes payable	$ 4,305,028	$ 4,073,916
Bank and other notes payable	809,356	908,544
Accounts payable and accrued expenses	52,894	59,392
Lease liabilities	119,785	—
Other accrued liabilities	253,221	303,051
Distributions in excess of investments in unconsolidated joint ventures	115,426	114,988
Financing arrangement obligation	319,019	378,485
Total liabilities	5,974,729	5,838,376
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 141,364,568 and 141,221,712 shares issued and outstanding at June 30, 2019 and December 31, 2018, respectively	1,413	1,412
Additional paid-in capital	4,578,620	4,567,643
Accumulated deficit	(1,805,097)	(1,614,357)
Accumulated other comprehensive loss	(10,792)	(4,466)
Total stockholders' equity	2,764,144	2,950,232
Noncontrolling interests	205,226	238,200
Total equity	2,969,370	3,188,432
Total liabilities and equity	$ 8,944,099	$ 9,026,808

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Leasing revenue	$ 211,022	$ 217,014	$ 422,030	$ 435,126
Other	7,831	7,035	13,165	15,115
Management Companies	9,119	10,496	19,299	21,038
Total revenues	227,972	234,545	454,494	471,279
Expenses:				
Shopping center and operating expenses	64,092	68,072	133,696	142,582
Leasing expenses	7,677	2,692	15,182	6,026
Management Companies' operating expenses	15,692	18,274	34,706	53,263
REIT general and administrative expenses	4,589	4,956	11,550	12,975
Costs related to shareholder activism	—	19,369	—	19,369
Depreciation and amortization	82,385	78,868	163,853	158,805
	174,435	192,231	358,987	393,020
Interest (income) expense:				
Related parties	(13,243)	(2,762)	(23,690)	7,407
Other	50,352	41,677	99,156	84,143
	37,109	38,915	75,466	91,550
Loss on extinguishment of debt, net	—	—	351	—
Total expenses	211,544	231,146	434,804	484,570
Equity in income of unconsolidated joint ventures	7,257	15,669	19,500	32,541
Income tax (expense) benefit	(679)	(684)	(1,025)	2,265
Loss on sale or write down of assets, net	(9,059)	(9,518)	(15,375)	(47,030)
Net income (loss)	13,947	8,866	22,790	(25,515)
Less net (loss) income attributable to noncontrolling interests	(1,787)	1,050	(768)	242
Net income (loss) attributable to the Company	$ 15,734	$ 7,816	$ 23,558	$ (25,757)
Earnings per common share—attributable to common stockholders:				
Basic	$ 0.11	$ 0.05	$ 0.16	$ (0.19)
Diluted	$ 0.11	$ 0.05	$ 0.16	$ (0.19)
Weighted average number of common shares outstanding:				
Basic	141,344,000	141,137,000	141,303,000	141,081,000
Diluted	141,344,000	141,137,000	141,303,000	141,081,000

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss)	13,947	8,866	$ 22,790	$ (25,515)
Other comprehensive (loss) income:				
Interest rate cap/swap agreements	(4,281)	(52)	(6,326)	9
Comprehensive income (loss)	9,666	8,814	16,464	(25,506)
Less net (loss) income attributable to noncontrolling interests	(1,787)	1,050	(768)	242
Comprehensive income (loss) attributable to the Company	$ 11,453	$ 7,764	$ 17,232	$ (25,748)

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF EQUITY

(Dollars in thousands, except per share data)

(Unaudited)

Three Months Ended June 30, 2019 and 2018

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at April 1, 2019	141,332,786	$ 1,413	$ 4,574,600	$ (1,714,789)	$ (6,511)	$ 2,854,713	$ 230,556	$ 3,085,269
Net income	—	—	—	15,734	—	15,734	(1,787)	13,947
Interest rate cap/swap agreements	—	—	—	—	(4,281)	(4,281)	—	(4,281)
Amortization of share and unit-based plans	4,982	—	3,373	—	—	3,373	—	3,373
Employee stock purchases	26,800	—	819	—	—	819	—	819
Distributions declared ($0.75 per share)	—	—	—	(106,042)	—	(106,042)	—	(106,042)
Distributions to noncontrolling interests	—	—	—	—	—	—	(24,115)	(24,115)
Contributions from noncontrolling interests	—	—	—	—	—	—	410	410
Redemption of noncontrolling interests	—	—	(5)	—	—	(5)	(5)	(10)
Adjustment of noncontrolling interests in Operating Partnership	—	—	(167)	—	—	(167)	167	—
Balance at June 30, 2019	141,364,568	$ 1,413	$ 4,578,620	$ (1,805,097)	$ (10,792)	$ 2,764,144	$ 205,226	$ 2,969,370

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at April 1, 2018	141,104,587	$ 1,411	$ 4,549,748	$ (1,393,418)	$ 19	$ 3,157,760	$ 250,825	$ 3,408,585
Net income	—	—	—	7,816	—	7,816	1,050	8,866
Interest rate cap	—	—	—	—	(52)	(52)	—	(52)
Amortization of share and unit-based plans	8,805	—	9,991	—	—	9,991	—	9,991
Employee stock purchases	17,240	—	806	—	—	806	—	806
Distributions declared ($0.74 per share)	—	—	—	(104,140)	—	(104,140)	—	(104,140)
Distributions to noncontrolling interests	—	—	—	—	—	—	(8,823)	(8,823)
Conversion of noncontrolling interests to common shares	53,703	1	74	—	—	75	(75)	—
Redemption of noncontrolling interests	—	—	(38)	—	—	(38)	(20)	(58)
Adjustment of noncontrolling interests in Operating Partnership	—	—	(1,708)	—	—	(1,708)	1,708	—
Balance at June 30, 2018	141,184,335	$ 1,412	$ 4,558,873	$ (1,489,742)	$ (33)	$ 3,070,510	$ 244,665	$ 3,315,175

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF EQUITY (Continued)

(Dollars in thousands, except per share data)

(Unaudited)

Six Months Ended June 30, 2019 and 2018

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2019	141,221,712	$ 1,412	$ 4,567,643	$ (1,614,357)	$ (4,466)	$ 2,950,232	$ 238,200	$ 3,188,432
Net income	—	—	—	23,558	—	23,558	(768)	22,790
Cumulative effect of adoption of ASC 842	—	—	—	(2,203)	—	(2,203)	—	(2,203)
Interest rate cap/swap agreements	—	—	—	—	(6,326)	(6,326)	—	(6,326)
Amortization of share and unit-based plans	95,056	1	10,037	—	—	10,038	—	10,038
Employee stock purchases	26,800	—	819	—	—	819	—	819
Distributions declared ($1.50 per share)	—	—	—	(212,095)	—	(212,095)	—	(212,095)
Distributions to noncontrolling interests	—	—	—	—	—	—	(32,458)	(32,458)
Contributions from noncontrolling interests	—	—	—	—	—	—	410	410
Conversion of noncontrolling interests to common shares	21,000	—	1,005	—	—	1,005	(1,005)	—
Redemption of noncontrolling interests	—	—	(20)	—	—	(20)	(17)	(37)
Adjustment of noncontrolling interests in Operating Partnership	—	—	(864)	—	—	(864)	864	—
Balance at June 30, 2019	141,364,568	$ 1,413	$ 4,578,620	$ (1,805,097)	$ (10,792)	$ 2,764,144	$ 205,226	$ 2,969,370

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at January 1, 2018	140,993,985	$ 1,410	$ 4,510,489	$ (830,279)	$ (42)	$ 3,681,578	$ 286,421	$ 3,967,999
Net loss	—	—	—	(25,757)	—	(25,757)	242	(25,515)
Cumulative effect of adoption of ASU 2014-09	—	—	—	(424,859)	—	(424,859)	—	(424,859)
Interest rate cap	—	—	—	—	9	9	—	9
Amortization of share and unit-based plans	118,407	1	23,602	—	—	23,603	—	23,603
Employee stock purchases	17,240	—	806	—	—	806	—	806
Distributions declared ($1.48 per share)	—	—	—	(208,847)	—	(208,847)	—	(208,847)
Distributions to noncontrolling interests	—	—	—	—	—	—	(17,898)	(17,898)
Conversion of noncontrolling interests to common shares	54,703	1	74	—	—	75	(75)	—
Redemption of noncontrolling interests	—	—	(84)	—	—	(84)	(39)	(123)
Adjustment of noncontrolling interests in Operating Partnership	—	—	23,986	—	—	23,986	(23,986)	—
Balance at June 30, 2018	141,184,335	$ 1,412	$ 4,558,873	$ (1,489,742)	$ (33)	$ 3,070,510	$ 244,665	$ 3,315,175

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

(Unaudited)

	For the Six Months Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Net income (loss)	$ 22,790	$ (25,515)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss on extinguishment of debt, net	351	—
Loss on sale or write down of assets, net	15,375	47,030
Depreciation and amortization	167,371	162,418
Amortization of premium on mortgage notes payable	(464)	(463)
Amortization of share and unit-based plans	7,433	19,090
Straight-line rent and amortization of above and below market leases	(7,452)	(7,201)
Provision for doubtful accounts	3,833	2,599
Income tax expense (benefit)	1,025	(2,265)
Equity in income of unconsolidated joint ventures	(19,500)	(32,541)
Distributions of income from unconsolidated joint ventures	460	669
Change in fair value of financing arrangement obligation	(31,522)	(4,386)
Changes in assets and liabilities, net of dispositions:		
Tenant and other receivables	10,286	13,876
Other assets	(6,668)	(2,676)
Due from affiliates	9,046	(1,113)
Accounts payable and accrued expenses	935	4,245
Other accrued liabilities	(8,221)	(8,917)
Net cash provided by operating activities	165,078	164,850
Cash flows from investing activities:		
Development, redevelopment, expansion and renovation of properties	(56,298)	(98,852)
Property improvements	(18,005)	(17,421)
Proceeds from repayment of notes receivable	65,569	618
Deferred leasing costs	(9,530)	(18,323)
Distributions from unconsolidated joint ventures	91,350	448,067
Contributions to unconsolidated joint ventures	(96,988)	(75,017)
Proceeds from sale of assets	1,015	27,063
Net cash (used in) provided by investing activities	(22,887)	266,135

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

(Dollars in thousands)

(Unaudited)

	For the Six Months Ended June 30,	
	2019	2018
Cash flows from financing activities:		
Proceeds from mortgages, bank and other notes payable	976,000	195,000
Payments on mortgages, bank and other notes payable	(844,560)	(400,338)
Payment on finance arrangement obligation	(27,944)	—
Deferred financing costs	(2,921)	(178)
Payments on finance leases	(278)	—
Proceeds from share and unit-based plans	819	806
Redemption of noncontrolling interests	(37)	(123)
Contribution from noncontrolling interests	410	—
Dividends and distributions	(244,553)	(226,745)
Net cash used in financing activities	(143,064)	(431,578)
Net decrease in cash, cash equivalents and restricted cash	(873)	(593)
Cash, cash equivalents and restricted cash, beginning of period	149,301	143,105
Cash, cash equivalents and restricted cash, end of period	$ 148,428	$ 142,512
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 105,346	$ 93,032
Non-cash investing and financing transactions:		
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	$ 49,953	$ 36,841
Conversion of Operating Partnership Units to common stock	$ 1,005	$ 75

The accompanying notes are an integral part of these consolidated financial statements.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share and square foot amounts)

(Unaudited)

1. Organization:

The Macerich Company (the "Company") is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers (the "Centers") located throughout the United States.

The Company commenced operations effective with the completion of its initial public offering on March 16, 1994. As of June 30, 2019, the Company was the sole general partner of and held a 93% ownership interest in The Macerich Partnership, L.P. (the "Operating Partnership"). The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code").

The property management, leasing and redevelopment of the Company's portfolio is provided by the Company's management companies, Macerich Property Management Company, LLC, a single member Delaware limited liability company, Macerich Management Company, a California corporation, Macerich Arizona Partners LLC, a single member Arizona limited liability company, Macerich Arizona Management LLC, a single member Delaware limited liability company, Macerich Partners of Colorado LLC, a single member Colorado limited liability company, MACW Mall Management, Inc., a New York corporation, and MACW Property Management, LLC, a single member New York limited liability company. All seven of the management companies are collectively referred to herein as the "Management Companies."

All references to the Company in this Quarterly Report on Form 10-Q include the Company, those entities owned or controlled by the Company and predecessors of the Company, unless the context indicates otherwise.

2. Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. They do not include all of the information and footnotes required by GAAP for complete financial statements and have not been audited by an independent registered public accounting firm.

The Company's sole significant asset is its investment in the Operating Partnership and as a result, substantially all of the Company's assets and liabilities represent the assets and liabilities of the Operating Partnership. In addition, the Operating Partnership has investments in a number of consolidated variable interest entities ("VIEs").

The Operating Partnership's consolidated VIEs included the following assets and liabilities:

	June 30, 2019	December 31, 2018
Assets:		
Property, net	$ 253,953	$ 263,511
Other assets	19,811	23,001
Total assets	$ 273,764	$ 286,512
Liabilities:		
Mortgage notes payable	$ 222,284	$ 125,273
Other liabilities	31,808	32,503
Total liabilities	$ 254,092	$ 157,776

All intercompany accounts and transactions have been eliminated in the consolidated financial statements.

(Dollars in thousands, except per share and square foot amounts)

2. Summary of Significant Accounting Policies: (Continued)

The unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2018. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the consolidated financial statements for the interim periods have been made. The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The accompanying consolidated balance sheet as of December 31, 2018 has been derived from the audited financial statements but does not include all disclosures required by GAAP. The following table presents a reconciliation of the beginning of period and end of period cash, cash equivalents and restricted cash reported on the Company's consolidated balance sheets to the totals shown on its consolidated statements of cash flows:

	For the Six Months Ended June 30,	
	2019	2018
Beginning of period		
Cash and cash equivalents	$ 102,711	$ 91,038
Restricted cash	46,590	52,067
Cash, cash equivalents and restricted cash	$ 149,301	$ 143,105
End of period		
Cash and cash equivalents	$ 104,880	$ 92,452
Restricted cash	43,548	50,060
Cash, cash equivalents and restricted cash	$ 148,428	$ 142,512

Shareholder Activism Costs:

During the three months ended June 30, 2018, the Company incurred $19,369 in costs associated with activities related to shareholder activism. These costs were primarily for legal and advisory services.

Adoption of New Lease Standard:

On January 1, 2019, the Company adopted Accounting Standards Codification ("ASC") 842 "Leases", under the modified retrospective method. The new standard amended the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). In connection with the adoption of the new lease standard, the Company elected to use the transition packages of practical expedients for implementation provided by the Financial Accounting Standards Board ("FASB"), which included (i) relief from re-assessing whether an expired or existing contract meets the definition of a lease, (ii) relief from re-assessing the classification of expired or existing leases at the adoption date, (iii) allowing previously capitalized initial direct leasing costs to continue to be amortized, and (iv) application of the standard as of the adoption date rather than to all periods presented.

The standard requires that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Initial direct costs include the salaries and related costs for employees directly working on leasing activities. Prior to January 1, 2019, these costs were capitalizable and therefore the new lease standard resulted in certain of these costs being expensed as incurred. For comparison purposes, the Company has reclassified leasing costs that were included in management companies' operating expenses to leasing expenses for the three and six months ended June 30, 2018, to conform to the presentation for the three and six months ended June 30, 2019. Upon the adoption of the new standard, the Company elected the practical expedient to not separate non-lease components, most significantly certain common area maintenance recoveries, from the associated lease components, resulting in the Company presenting all revenues associated with leases as leasing revenue on its consolidated statement of operations. For comparison purposes, the Company has reclassified minimum rents, percentage rents, tenant recoveries and other leasing income to leasing revenue for the three and six months ended

2. Summary of Significant Accounting Policies: (Continued)

June 30, 2018, to conform to the presentation for the three and six months ended June 30, 2019. The new standard also requires the Company to reduce leasing revenue for credit losses associated with lease receivables. In addition, straight-line rent receivables are written off when the Company believes there is uncertainty regarding a tenant's ability to complete the term of the lease. As a result, the Company recognized a cumulative effect adjustment of $2,203 upon adoption for the write off of straight-line rent receivables of tenants that were in litigation or bankruptcy. The standard also requires that the provision for bad debts relating to leases be presented as a reduction of leasing revenue. For the three and six months ended June 30, 2018, the provision for bad debts is included in shopping center and operating expenses.

The standard requires lessees to classify its leases as either finance or operating leases. The lessee records a right-of-use ("ROU") asset and a lease liability for all leases with a term of greater than twelve months, regardless of their lease classification. Upon adoption, the Company recognized initial ROU assets and corresponding lease liabilities of $109,299, representing the discounted value of future lease payments required for leases classified as operating leases. In addition, the Company reclassified $59,736 from deferred charges and other assets, net, $5,978 from accounts payable and accrued expenses and $4,342 from other accrued liabilities, relating to existing intangible assets and straight-line rent liabilities. The Company's lease liabilities were increased at adoption by $15,268 for lease liabilities associated with finance leases that were previously included in other accrued liabilities. See Note 8—Leases, for further disclosure on the Company's adoption of the new standard.

Other Recent Accounting Pronouncements:

In August 2017, the FASB issued ASU 2017-12, “Targeted Improvements to Accounting for Hedging Activities,” which aims to (i) improve the transparency and understandability of information conveyed to financial statement users about an entity’s risk management activities by better aligning the entity’s financial reporting for hedging relationships with those risk management activities and (ii) reduce the complexity of and simplify the application of hedge accounting by preparers. The Company's adoption of the standard on January 1, 2019 did not have an impact on its consolidated financial statements.

3. Earnings Per Share ("EPS"):

The following table reconciles the numerator and denominator used in the computation of EPS for the three and six months ended June 30, 2019 and 2018 (shares in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Numerator				
Net income (loss)	$ 13,947	$ 8,866	$ 22,790	$ (25,515)
Less net (loss) income attributable to noncontrolling interests	(1,787)	1,050	(768)	242
Net income (loss) attributable to the Company	15,734	7,816	23,558	(25,757)
Allocation of earnings to participating securities	(291)	(304)	(573)	(547)
Numerator for basic and diluted EPS—net income attributable to common stockholders	$ 15,443	$ 7,512	$ 22,985	$ (26,304)
Denominator				
Denominator for basic and diluted EPS—weighted average number of common shares outstanding(1)	141,344	141,137	141,303	141,081
EPS—net income (loss) attributable to common stockholders:				
Basic	$ 0.11	$ 0.05	$ 0.16	$ (0.19)
Diluted	$ 0.11	$ 0.05	$ 0.16	$ (0.19)

(1) Diluted EPS excludes 90,619 convertible preferred partnership units for the three and six months ended June 30, 2019 and 2018, as their impact was antidilutive. Diluted EPS also excludes 10,415,278 and 10,397,726 Operating Partnership units ("OP Units") for the three months ended June 30, 2019 and 2018, respectively, and 10,415,234 and 10,344,766 OP Units for the six months ended June 30, 2019 and 2018, respectively, as their impact was antidilutive.

4. Investments in Unconsolidated Joint Ventures:

The Company has made the following recent investments and dispositions in its unconsolidated joint ventures:

On February 16, 2018, the Company's joint venture in Fashion District Philadelphia sold its ownership interest in an office building for $41,800, resulting in a gain on sale of assets of $5,545. The Company's pro rata share of the gain on the sale of assets of $2,773 was included in equity in income from unconsolidated joint ventures. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On March 1, 2018, the Company formed a 25/75 joint venture with Hudson Pacific Properties, whereby the Company agreed to contribute Westside Pavilion (referred to hereafter as "One Westside"), a 680,000 square foot regional shopping center in Los Angeles, California in exchange for $142,500. From March 1, 2018 to August 31, 2018, the Company accounted for its interest in the property as a collaborative arrangement (See Note 15—Collaborative Arrangement). On August 31, 2018, the Company completed the sale of the 75% ownership interest in the property to Hudson Pacific Properties, resulting in a gain on sale of assets of $46,242. The sales price was funded by a cash payment of $36,903 and the assumption of a pro rata share of the mortgage note payable on the property of $105,597. Concurrent with the sale of the ownership interest, the joint venture defeased the loan on the property by providing a $149,175 portfolio of marketable securities as replacement collateral in lieu of the property. The Company funded its $37,294 share of the purchase price of the marketable securities portfolio with the proceeds from the sale of the ownership interest in the property. Upon completion of the sale of the ownership interest in the property, the Company has accounted for its remaining ownership interest in the property under the equity method of accounting.

On July 6, 2018, the Company’s joint venture in The Market at Estrella Falls, a 298,000 square foot community center in Goodyear, Arizona, sold the property for $49,100, resulting in a gain on sale of assets of $12,598. The Company's share of the gain of $2,996 was included in equity in income from unconsolidated joint ventures. The proceeds were used to pay off the $24,118 mortgage loan payable on the property, settle development obligations and for distributions to the partners. The Company used its share of the net proceeds for general corporate purposes.

On September 6, 2018, the Company formed a 50/50 joint venture with Simon Property Group to develop Los Angeles Premium Outlets, a premium outlet center in Carson, California that is planned to open with approximately 400,000 square feet, followed by an additional 165,000 square feet in the second phase. The joint venture expects to complete the first phase of the development in fall 2021.

(Dollars in thousands, except per share and square foot amounts)

4. Investments in Unconsolidated Joint Ventures: (Continued)

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures.

Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures:

	June 30, 2019	December 31, 2018
Assets(1):		
Property, net	$ 9,291,345	$ 9,241,003
Other assets	762,972	703,861
Total assets	$ 10,054,317	$ 9,944,864
Liabilities and partners' capital(1):		
Mortgage and other notes payable	$ 6,037,929	$ 6,050,930
Other liabilities	481,598	388,509
Company's capital	1,920,631	1,913,475
Outside partners' capital	1,614,159	1,591,950
Total liabilities and partners' capital	$ 10,054,317	$ 9,944,864
Investments in unconsolidated joint ventures:		
Company's capital	$ 1,920,631	$ 1,913,475
Basis adjustment(2)	(518,286)	(535,808)
	$ 1,402,345	$ 1,377,667
Assets—Investments in unconsolidated joint ventures	$ 1,517,771	$ 1,492,655
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	(115,426)	(114,988)
	$ 1,402,345	$ 1,377,667

(1) These amounts include the assets of $2,991,383 and $3,047,851 of Pacific Premier Retail LLC (the "PPR Portfolio") as of June 30, 2019 and December 31, 2018, respectively, and liabilities of $1,841,559 and $1,859,637 of the PPR Portfolio as of June 30, 2019 and December 31, 2018, respectively.

(2) The Company amortizes the difference between the cost of its investments in unconsolidated joint ventures and the book value of the underlying equity into income on a straight-line basis consistent with the lives of the underlying assets. The amortization of this difference was $5,271 and $3,524 for the three months ended June 30, 2019 and 2018, respectively, and $9,810 and $7,627 for the six months ended June 30, 2019 and 2018, respectively.

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(Dollars in thousands, except per share and square foot amounts)

(Unaudited)

4. Investments in Unconsolidated Joint Ventures: (Continued)

Combined and Condensed Statements of Operations of Unconsolidated Joint Ventures:

	PPR Portfolio	Other Joint Ventures	Total
Three Months Ended June 30, 2019			
Revenues:			
Leasing revenue	$ 45,346	$ 172,273	$ 217,619
Other	435	13,097	13,532
Total revenues	45,781	185,370	231,151
Expenses:			
Shopping center and operating expenses	8,470	59,065	67,535
Leasing expenses	373	1,655	2,028
Interest expense	17,043	37,682	54,725
Depreciation and amortization	24,732	76,866	101,598
Total operating expenses	50,618	175,268	225,886
Loss on sale or write down of assets, net	(399)	(145)	(544)
Net (loss) income	$ (5,236)	$ 9,957	$ 4,721
Company's equity in net (loss) income	$ (531)	$ 7,788	$ 7,257
Three Months Ended June 30, 2018			
Revenues:			
Leasing revenue	$ 45,362	$ 175,608	$ 220,970
Other	432	11,879	12,311
Total revenues	45,794	187,487	233,281
Expenses:			
Shopping center and operating expenses	9,517	60,325	69,842
Interest expense(1)	16,770	37,356	54,126
Depreciation and amortization	24,071	60,973	85,044
Total operating expenses	50,358	158,654	209,012
Gain on sale or write down of assets, net	—	559	559
Net (loss) income	$ (4,564)	$ 29,392	$ 24,828
Company's equity in net (loss) income	$ (257)	$ 15,926	$ 15,669

(Dollars in thousands, except per share and square foot amounts)

4. Investments in Unconsolidated Joint Ventures: (Continued)

	PPR Portfolio	Other Joint Ventures	Total
Six Months Ended June 30, 2019			
Revenues:			
Leasing revenue	$ 91,366	$ 345,797	$ 437,163
Other	617	25,161	25,778
Total revenues	91,983	370,958	462,941
Expenses:			
Shopping center and operating expenses	18,142	118,715	136,857
Leasing expenses	840	3,362	4,202
Interest expense	33,994	74,593	108,587
Depreciation and amortization	50,246	141,333	191,579
Total operating expenses	103,222	338,003	441,225
Loss on sale or write down of assets, net	(405)	(280)	(685)
Net (loss) income	$ (11,644)	$ 32,675	$ 21,031
Company's equity in net (loss) income	$ (1,730)	$ 21,230	$ 19,500
Six Months Ended June 30, 2018			
Revenues:			
Leasing revenue	$ 90,782	$ 356,051	$ 446,833
Other	600	20,150	20,750
Total revenues	91,382	376,201	467,583
Expenses:			
Shopping center and operating expenses	19,198	121,646	140,844
Interest expense(1)	33,496	70,388	103,884
Depreciation and amortization	48,555	123,385	171,940
Total operating expenses	101,249	315,419	416,668
Gain on sale or write down of assets, net	—	1,529	1,529
Net (loss) income	$ (9,867)	$ 62,311	$ 52,444
Company's equity in net (loss) income	$ (873)	$ 33,414	$ 32,541

(1) Interest expense includes $7,158 and $12,116 for the three and six months ended June 30, 2018, respectively, related to mortgage notes payable to an affiliate of Northwestern Mutual Life ("NML") (See Note 18—Related Party Transactions).

Significant accounting policies used by the unconsolidated joint ventures are similar to those used by the Company.

(Dollars in thousands, except per share and square foot amounts)

5. Derivative Instruments and Hedging Activities:

The Company uses interest rate cap and interest rate swap agreements to manage the interest rate risk of its floating rate debt. The Company recorded other comprehensive (loss) income related to the marking-to-market of derivative instruments of $(4,281) and $(52) for the three months ended June 30, 2019 and 2018, respectively, and $(6,326) and $9 for the six months ended June 30, 2019 and 2018, respectively.

The following derivatives were outstanding at June 30, 2019:

					Fair Value	
Property	Notional Amount	Product	LIBOR Rate	Maturity	June 30, 2019	December 31, 2018
Santa Monica Place	$ 300,000	Cap	4.00%	12/9/2019	$ —	$ (53)
The Macerich Partnership, L.P.	$ 400,000	Swaps	2.85%	9/30/2021	$ (10,792)	$ (4,413)

The above derivative instruments were designated as hedging instruments with an aggregate fair value (Level 2 measurement) and were included in deferred charges and other assets, net and other accrued liabilities. The fair value of the Company's interest rate derivatives was determined using discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties. The Company has assessed the significance of the impact of the credit valuation adjustments on the overall valuation of its derivative positions and has determined that the credit valuation adjustments are not significant to the overall valuation of its interest rate swap. As a result, the Company determined that its interest rate cap and swap valuations in their entirety are classified in Level 2 of the fair value hierarchy.

6. Property, net:

Property, net consists of the following:

	June 30, 2019	December 31, 2018
Land	$ 1,508,585	$ 1,506,678
Buildings and improvements	6,304,541	6,288,308
Tenant improvements	693,655	678,110
Equipment and furnishings(1)	213,724	206,398
Construction in progress	189,264	199,326
	8,909,769	8,878,820
Less accumulated depreciation(1)	(2,220,224)	(2,093,044)
	$ 6,689,545	$ 6,785,776

(1) Equipment and furnishings and accumulated depreciation include the cost and accumulated amortization of ROU assets in connection with finance leases at June 30, 2019 (See Note 8—Leases).

Depreciation expense was $71,453 and $66,850 for the three months ended June 30, 2019 and 2018, respectively, and $142,170 and $134,794 for the six months ended June 30, 2019 and 2018, respectively.

(Dollars in thousands, except per share and square foot amounts)

6. Property, net: (Continued)

The loss on sale or write down of assets, net was $9,059 and $9,518 for the three months ended June 30, 2019 and 2018, respectively, and $15,375 and $47,030 for the six months ended June 30, 2019 and 2018, respectively.

The loss on sale or write down of assets, net includes the write down of development costs of $9,059 and $666 for the three months ended June 30, 2019 and 2018, respectively, and $15,909 and $2,257 for the six months ended June 30, 2019 and 2018, respectively.

The loss on sale or write down of assets, net for the three and six months ended June 30, 2018 includes the impairment losses of $7,494 on two freestanding stores and $1,660 on Southridge Center. In addition, the loss on sale or write down of assets, net for the six months ended June 30, 2018 includes the impairment losses of $36,338 on SouthPark Mall and $1,043 on Promenade at Casa Grande. The impairment losses were due to the reduction of the estimated holding periods of the properties. The loss on sale or write down of assets, net for the three and six months ended June 30, 2018 also includes a loss of $311 on the sale of Promenade at Casa Grande (See Note 16—Dispositions).

The following table summarizes certain of the Company's assets that were measured on a nonrecurring basis as a result of the impairment losses recorded for the three and six months ended June 30, 2018, as described above:

	Total Fair Value Measurement	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Unobservable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2018	$ 72,700	$ —	$ 72,700	$ —

The fair values relating to the impairments were based on sales contracts.

7. Tenant and Other Receivables, net:

Included in tenant and other receivables, net is an allowance for doubtful accounts of $3,557 and $2,919 at June 30, 2019 and December 31, 2018, respectively. Also included in tenant and other receivables, net are accrued percentage rents of $1,008 and $8,949 at June 30, 2019 and December 31, 2018, respectively, and a deferred rent receivable due to straight-line rent adjustments of $75,552 and $72,456 at June 30, 2019 and December 31, 2018, respectively.

8. Leases:

Lessor Leases:

The Company leases its Centers under agreements that are classified as operating leases. These leases generally include minimum rents, percentage rents and recoveries of real estate taxes, insurance and other shopping center operating expenses. Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rents are recognized and accrued when tenants' specified sales targets have been met. Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the term of the related leases.

(Dollars in thousands, except per share and square foot amounts)

8. Leases: (Continued)

The following table summarizes the components of leasing revenue for the three and six months ended June 30, 2019 and 2018:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Leasing revenue - fixed payments	$ 158,777	$ 163,660	$ 322,838	$ 329,745
Leasing revenue - variable payments	52,245	53,354	99,192	105,381
	$ 211,022	$ 217,014	$ 422,030	$ 435,126

The following table summarizes the future minimum rental payments to the Company:

Twelve months ending June 30,	
2020	$ 494,207
2021	418,924
2022	365,214
2023	314,702
2024	263,689
Thereafter	779,246
	$ 2,635,982

Lessee Leases:

The Company has certain properties that are subject to non-cancelable operating leases. The leases expire at various times through 2098, subject in some cases to options to extend the terms of the lease. Certain leases provide for contingent rent payments based on a percentage of base rental income, as defined in the lease. In addition, the Company has three finance leases that expire at various times through 2022.

The following table summarizes the lease costs for the three and six months ended June 30, 2019:

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease costs	$ 4,862	$ 9,209
Finance lease costs:		
Amortization of ROU assets	467	932
Interest on lease liabilities	154	308
	$ 5,483	$ 10,449

(Dollars in thousands, except per share and square foot amounts)

8. Leases: (Continued)

The following table summarizes the future minimum rental payments required under the leases:

	June 30, 2019		December 31, 2018	
Year ending	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2019	$ 8,357	$ 1,699	$ 16,627	$ 2,106
2020	17,133	2,106	17,183	2,106
2021	16,988	10,440	17,124	10,440
2022	16,851	2,418	17,450	2,418
2023	11,039	—	11,390	—
Thereafter	140,698	—	140,562	—
Total undiscounted rental payments	211,066	16,663	$ 220,336	$ 17,070
Less imputed interest	(106,271)	(1,673)		
Total lease liabilities	$ 104,795	$ 14,990		

The Company's weighted average remaining lease term of its operating and finance leases at June 30, 2019 was 30.8 years and 2.4 years, respectively. The Company's weighted average incremental borrowing rate of its operating and finance leases at June 30, 2019 was 7.7% and 4.2%, respectively.

9. Deferred Charges and Other Assets, net:

Deferred charges and other assets, net consist of the following:

	June 30, 2019	December 31, 2018
Leasing	$ 202,628	$ 226,885
Intangible assets:		
In-place lease values	85,196	94,966
Leasing commissions and legal costs	21,452	23,508
Above-market leases	64,814	140,889
Deferred tax assets	30,999	32,197
Deferred compensation plan assets	52,099	45,857
Other assets	62,838	75,497
	520,026	639,799
Less accumulated amortization(1)	(219,883)	(249,396)
	$ 300,143	$ 390,403

(1) Accumulated amortization includes $66,985 and $72,286 relating to in-place lease values, leasing commissions and legal costs at June 30, 2019 and December 31, 2018, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was $3,320 and $3,552 for the three months ended June 30, 2019 and 2018, respectively, and $6,525 and $7,390 for the six months ended June 30, 2019 and 2018, respectively.

(Dollars in thousands, except per share and square foot amounts)

9. Deferred Charges and Other Assets, net: (Continued)

The allocated values of above-market leases and below-market leases consist of the following:

	June 30, 2019	December 31, 2018
Above-Market Leases		
Original allocated value	$ 64,814	$ 140,889
Less accumulated amortization	(36,673)	(49,847)
	$ 28,141	$ 91,042
Below-Market Leases(1)		
Original allocated value	$ 95,352	$ 108,330
Less accumulated amortization	(53,750)	(56,345)
	$ 41,602	$ 51,985

(1) Below-market leases are included in other accrued liabilities.

(Dollars in thousands, except per share and square foot amounts)

10. Mortgage Notes Payable:

Mortgage notes payable at June 30, 2019 and December 31, 2018 consist of the following:

	Carrying Amount of Mortgage Notes(1)				
Property Pledged as Collateral	**June 30, 2019**	**December 31, 2018**	**Effective Interest Rate(2)**	**Monthly Debt Service(3)**	**Maturity Date(4)**
Chandler Fashion Center(5)(6)	$ 255,037	$ 199,972	4.18%	$ 875	2024
Danbury Fair Mall	198,489	202,158	5.53%	1,538	2020
Fashion Outlets of Chicago(7)	299,072	199,622	4.61%	1,145	2031
Fashion Outlets of Niagara Falls USA(8)	108,033	109,651	4.89%	727	2020
Freehold Raceway Mall(5)	398,296	398,212	3.94%	1,300	2029
Fresno Fashion Fair	323,559	323,460	3.67%	971	2026
Green Acres Commons(9)	128,466	128,006	5.15%	497	2021
Green Acres Mall	281,236	284,686	3.61%	1,447	2021
Kings Plaza Shopping Center	431,895	437,120	3.67%	2,229	2019
Oaks, The	189,615	192,037	4.14%	1,064	2022
Pacific View	119,798	121,362	4.08%	668	2022
Queens Center	600,000	600,000	3.49%	1,744	2025
Santa Monica Place(10)	297,443	297,069	3.99%	936	2022
SanTan Village Regional Center(11)	219,034	121,585	4.34%	788	2029
Towne Mall	20,509	20,733	4.48%	117	2022
Tucson La Encantada	64,531	65,361	4.23%	368	2022
Victor Valley, Mall of	114,704	114,675	4.00%	380	2024
Vintage Faire Mall	255,311	258,207	3.55%	1,256	2026
	$ 4,305,028	$ 4,073,916			

(1) The mortgage notes payable also include unamortized deferred finance costs that are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method. Unamortized deferred finance costs were $13,356 and $13,053 at June 30, 2019 and December 31, 2018, respectively.

(2) The interest rate disclosed represents the effective interest rate, including the impact of debt premium and deferred finance costs.

(3) The monthly debt service represents the payment of principal and interest.

(4) The maturity date assumes that all extension options are fully exercised and that the Company does not opt to refinance the debt prior to these dates. These extension options are at the Company's discretion, subject to certain conditions, which the Company believes will be met.

(5) A 49.9% interest in the loan has been assumed by a third party in connection with the Company's joint venture in Chandler Freehold (See Note 12—Financing Arrangement).

(6) On June 27, 2019, the Company replaced the existing loan on the property with a new $256,000 loan that bears interest at an effective rate of 4.18% and matures on July 5, 2024.

(7) On January 10, 2019, the Company replaced the existing loan on the property with a new $300,000 loan that bears interest at an effective rate of 4.61% and matures on February 1, 2031.

(8) The loan includes unamortized debt premium of $1,236 and $1,701 at June 30, 2019 and December 31, 2018, respectively. The debt premium represents the excess of the fair value of debt over the principal value of debt assumed at acquisition and is amortized into interest expense over the remaining term of the loan in a manner that approximates the effective interest method.

(9) The loan bears interest at LIBOR plus 2.15%. At June 30, 2019 and December 31, 2018, the total interest rate was 5.15% and 5.06%, respectively.

10. Mortgage Notes Payable: (Continued)

(10) The loan bears interest at LIBOR plus 1.35%. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 4.0% during the period ending December 9, 2019 (See Note 5—Derivative Instruments and Hedging Activities). At June 30, 2019 and December 31, 2018, the total interest rate was 3.99% and 4.01%, respectively.

(11) On June 3, 2019, the Company’s joint venture in SanTan Village Regional Center replaced the existing loan on the property with a new $220,000 loan that bears interest at an effective rate of 4.34% and matures on July 1, 2029.

Most of the mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

The Company's mortgage notes payable are secured by the properties on which they are placed, and with the exception of $65,000 of the loan on Green Acres Commons, are non-recourse to the Company.

The Company expects that all loan maturities during the next twelve months will be refinanced, restructured, extended and/or paid off from the Company's line of credit or with cash on hand.

Total interest expense capitalized was $2,143 and $4,670 for the three months ended June 30, 2019 and 2018, respectively, and $4,853 and $9,001 for the six months ended June 30, 2019 and 2018, respectively.

The estimated fair value (Level 2 measurement) of mortgage notes payable at June 30, 2019 and December 31, 2018 was $4,372,627 and $4,082,448, respectively, based on current interest rates for comparable loans. Fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt.

11. Bank and Other Notes Payable:

Bank and other notes payable consist of the following:

Line of Credit:

The Company has a $1,500,000 revolving line of credit that bears interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and matures on July 6, 2020 with a one-year extension option. The line of credit can be expanded, depending on certain conditions, up to a total facility of $2,000,000.

Based on the Company's leverage level as of June 30, 2019, the borrowing rate on the facility was LIBOR plus 1.45%. The Company has four interest rate swap agreements that effectively convert a total of $400,000 of the outstanding balance from floating rate debt of LIBOR plus 1.45% to fixed rate debt of 4.30% until September 30, 2021 (See Note 5—Derivative Instruments and Hedging Activities). As of June 30, 2019 and December 31, 2018, borrowings under the line of credit were $810,000 and $910,000, respectively, less unamortized deferred finance costs of $3,894 and $5,145, respectively, at a total interest rate of 4.18% and 4.20%, respectively. As of June 30, 2019 and December 31, 2018, the Company's availability under the line of credit for additional borrowings was $689,719 and $589,719, respectively, The estimated fair value (Level 2 measurement) of the line of credit at June 30, 2019 and December 31, 2018 was $823,165 and $912,163, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

Prasada Note:

On March 29, 2013, the Company issued a $13,330 note payable that bears interest at 5.25% and matures on May 30, 2021. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At June 30, 2019 and December 31, 2018, the note had a balance of $3,250 and $3,689, respectively. The estimated fair value (Level 2 measurement) of the note at June 30, 2019 and December 31, 2018 was $3,286 and $3,690, respectively, based on current interest rates for comparable notes. Fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the collateral for the underlying debt.

As of June 30, 2019 and December 31, 2018, the Company was in compliance with all applicable financial loan covenants.

(Dollars in thousands, except per share and square foot amounts)

12. Financing Arrangement:

On September 30, 2009, the Company formed a joint venture whereby a third party acquired a 49.9% interest in Chandler Fashion Center, a 1,318,000 square foot regional shopping center in Chandler, Arizona, and Freehold Raceway Mall, a 1,673,000 square foot regional shopping center in Freehold, New Jersey (collectively referred to herein as "Chandler Freehold"). As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the formation of Chandler Freehold, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The Company accounts for its investment in Chandler Freehold as a financing arrangement. The fair value (Level 3 measurement) of the financing arrangement obligation at June 30, 2019 and December 31, 2018 was based upon a terminal capitalization rate of 4.8%, a discount rate of 5.8% and market rents per square foot of $35 to $115. The fair value of the financing arrangement obligation is sensitive to these significant unobservable inputs and a change in these inputs may result in a significantly higher or lower fair value measurement. Distributions to the partner, excluding distributions of excess loan proceeds, and changes in fair value of the financing arrangement obligation are recognized as interest (income) expense in the Company's consolidated statements of operations.

During the three and six months ended June 30, 2019 and 2018, the Company incurred interest (income) expense in connection with the financing arrangement as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Distributions of the partner's share of net income	$ 1,982	$ 2,464	$ 3,879	$ 4,466
Distributions in excess of the partner's share of net income	2,033	1,411	3,953	3,049
Adjustment to fair value of financing arrangement obligation	(17,258)	(8,768)	(31,522)	(4,386)
	$ (13,243)	$ (4,893)	$ (23,690)	$ 3,129

On June 27, 2019, the Company replaced the existing mortgage note payable on Chandler Fashion Center with a new $256,000 loan (See Note 10—Mortgage Notes Payable). In connection with the refinancing transaction, the Company distributed $27,944 of the excess loan proceeds to its joint venture partner.

13. Noncontrolling Interests:

The Company allocates net income of the Operating Partnership based on the weighted average ownership interest during the period. The net income of the Operating Partnership that is not attributable to the Company is reflected in the consolidated statements of operations as noncontrolling interests. The Company adjusts the noncontrolling interests in the Operating Partnership at the end of each period to reflect its ownership interest in the Company. The Company had a 93% ownership interest in the Operating Partnership as of June 30, 2019 and December 31, 2018. The remaining 7% limited partnership interest as of June 30, 2019 and December 31, 2018 was owned by certain of the Company's executive officers and directors, certain of their affiliates and other third party investors in the form of OP Units. The OP Units may be redeemed for shares of stock or cash, at the Company's option. The redemption value for each OP Unit as of any balance sheet date is the amount equal to the average of the closing price per share of the Company's common stock, par value $0.01 per share, as reported on the New York Stock Exchange for the 10 trading days ending on the respective balance sheet date. Accordingly, as of June 30, 2019 and December 31, 2018, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was $351,940 and $448,116, respectively.

The Company issued common and preferred units of MACWH, LP in April 2005 in connection with the acquisition of the Wilmorite portfolio. The common and preferred units of MACWH, LP are redeemable at the election of the holder. The Company may redeem them for cash or shares of the Company's stock at the Company's option and they are classified as permanent equity.

13. Noncontrolling Interests: (Continued)

Included in permanent equity are outside ownership interests in various consolidated joint ventures. The joint ventures do not have rights that require the Company to redeem the ownership interests in either cash or stock.

14. Stockholders' Equity:

On February 12, 2017, the Company's Board of Directors authorized the repurchase of up to $500,000 of its outstanding common shares as market conditions and the Company’s liquidity warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including ASR transactions, or other methods of acquiring shares, from time to time as permitted by securities laws and other legal requirements. The program is referred to herein as the "2017 Stock Buyback Program".

There were no repurchases under the 2017 Stock Buyback Program during the six months ended June 30, 2019 or 2018. At June 30, 2019, there was $278,707 available under the 2017 Stock Buyback Program.

15. Collaborative Arrangement:

On March 1, 2018, the Company formed a 25/75 joint venture with a third party, whereby the Company agreed to contribute One Westside, a 680,000 square foot regional shopping center in Los Angeles, California, in exchange for $142,500. The Company completed the transfer on August 31, 2018.

During the period from March 1, 2018 to August 31, 2018, the Company accounted for the operations of One Westside as a collaborative arrangement. Both partners shared operating control of the property and the Company was reimbursed by the outside partner for 75% of the carrying cost of the property, which were defined in the agreement as operating expenses in excess of revenues, debt service and capital expenditures. Accordingly, the Company reduced leasing revenue, other revenue, shopping center and operating expenses and interest expense by its partner's 75% share and recorded a receivable due from its partner, which was settled upon completion of the transfer of the property. In addition, the Company was reimbursed by its partner for its 75% share of mortgage loan principal payments and capital expenditures during the period. Since completion of the transfer, the Company has accounted for its investment in One Westside under the equity method of accounting (See Note 4—Investments in Unconsolidated Joint Ventures).

16. Dispositions:

On May 17, 2018, the Company sold Promenade at Casa Grande, a 761,000 square foot community center in Casa Grande, Arizona, for $26,000, resulting in a loss on sale of assets of $311. The Company used the proceeds from the sale to pay down its line of credit and for other general corporate purposes.

17. Commitments and Contingencies:

As of June 30, 2019, the Company was contingently liable for $65,814 in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

The Company has entered into a number of construction agreements related to its redevelopment and development activities. Obligations under these agreements are contingent upon the completion of the services within the guidelines specified in the agreements. At June 30, 2019, the Company had $21,246 in outstanding obligations, which it believes will be settled in the next twelve months.

(Dollars in thousands, except per share and square foot amounts)

18. Related Party Transactions:

Certain unconsolidated joint ventures have engaged the Management Companies to manage the operations of the Centers. Under these arrangements, the Management Companies are reimbursed for compensation paid to on-site employees, leasing agents and project managers at the Centers, as well as insurance costs and other administrative expenses.

The following are fees charged to unconsolidated joint ventures:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Management fees	$ 4,670	$ 4,716	$ 9,151	$ 9,395
Development and leasing fees	3,310	3,321	6,806	6,925
	$ 7,980	$ 8,037	$ 15,957	$ 16,320

Certain mortgage notes on the properties are held by NML. NML was considered a related party due to its ownership interest in Broadway Plaza until it sold its ownership interest in the property to a third party on October 12, 2018. Interest expense in connection with these notes, during the period NML that was a related party, was $2,131 and $4,278 for the three and six months ended June 30, 2018, respectively.

Interest (income) expense from related party transactions also includes $(13,243) and $(4,893) for the three months ended June 30, 2019 and 2018, respectively, and $(23,690) and $3,129 for the six months ended June 30, 2019 and 2018, respectively, in connection with the Financing Arrangement (See Note 12—Financing Arrangement).

Due from affiliates includes unreimbursed costs and fees from unconsolidated joint ventures due to the Management Companies. As of June 30, 2019 and December 31, 2018, the amounts due from the unconsolidated joint ventures was $7,755 and $6,385, respectively.

In addition, due from affiliates at June 30, 2019 and December 31, 2018 included a note receivable from RED/303 LLC ("RED") that bears interest at 5.25% and matures on May 30, 2021. Interest income earned on this note was $46 and $57 for the three months ended June 30, 2019 and 2018, respectively, and $94 and $117 for the six months ended June 30, 2019 and 2018, respectively. The balance on this note was $3,250 and $3,689 at June 30, 2019 and December 31, 2018, respectively. RED is considered a related party because it is a partner in a joint venture development project. The note is collateralized by RED's membership interest in the development project.

Also included in due from affiliates at December 31, 2018 was a note receivable from Lennar Corporation that bore interest at LIBOR plus 2% and was to mature upon the completion of certain milestones in connection with the development of Fashion Outlets of San Francisco. As a result of those milestones not being completed, the Company elected to terminate the development agreement and the note was paid off on February 13, 2019. Interest income earned on this note was $773 for the three months ended June 30, 2018, and $1,112 and $1,522 for the six months ended June 30, 2019 and 2018, respectively. The balance on this note, including interest, was $75,107 at December 31, 2018. Lennar Corporation was considered a related party because it was a joint venture partner in the project.

(Dollars in thousands, except per share and square foot amounts)

19. Share and Unit-Based Plans:

Under the Long-Term Incentive Plan ("LTIP"), each award recipient is issued a form of units ("LTIP Units") in the Operating Partnership. Upon the occurrence of specified events and subject to the satisfaction of applicable vesting conditions, LTIP Units (after conversion into OP Units) are ultimately redeemable for common stock of the Company, or cash at the Company's option, on a one-unit for one-share basis. LTIP Units receive cash dividends based on the dividend amount paid on the common stock of the Company. The LTIP may include both market-indexed awards and service-based awards.

The market-indexed LTIP Units vest over the service period of the award based on the percentile ranking of the Company in terms of total return to stockholders (the "Total Return") per share of common stock relative to the Total Return of a group of peer REITs, as measured at the end of the measurement period.

During the six months ended June 30, 2019, the Company granted the following LTIP Units:

Grant Date	Units	Type	Fair Value per LTIP Unit	Vest Date
1/1/2019	81,732	Service-based	$ 43.28	12/31/2021
1/1/2019	250,852	Market-indexed	$ 29.25	12/31/2021
	332,584			

The fair value of the market-indexed LTIP Units (Level 3) granted on January 1, 2019 was estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk free interest rate of 2.46% and an expected volatility of 23.52%.

The following table summarizes the activity of the non-vested LTIP Units, phantom stock units and stock units:

	LTIP Units		Phantom Stock Units		Stock Units	
	Units	Value(1)	Units	Value(1)	Units	Value(1)
Balance at January 1, 2019	661,578	$ 48.38	—	$ —	129,457	$ 64.21
Granted	332,584	32.70	19,772	42.65	90,266	41.96
Vested	(7,654)	59.85	(8,154)	44.36	(81,785)	64.27
Forfeited	(14,635)	34.26	—	—	(2,531)	50.62
Balance at June 30, 2019	971,873	$ 43.13	11,618	$ 41.45	135,407	$ 49.60

(1) Value represents the weighted average grant date fair value.

The following table summarizes the activity of the stock options outstanding:

	Stock Options	
	Units	Value(1)
Balance at January 1, 2019	35,565	$ 57.32
Granted	—	—
Exercised	—	—
Balance at June 30, 2019	35,565	$ 57.32

(1) Value represents the weighted average exercise price.

(Dollars in thousands, except per share and square foot amounts)

19. Share and Unit-Based Plans: (Continued)

The following summarizes the compensation cost under the share and unit-based plans:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
LTIP Units	$ 2,647	$ 8,275	$ 6,361	$ 18,383
Stock units	544	1,515	3,204	4,745
Stock options	—	31	51	62
Phantom stock units	182	170	422	413
	$ 3,373	$ 9,991	$ 10,038	$ 23,603

The Company capitalized share and unit-based compensation costs of $1,459 and $1,904 for the three months ended June 30, 2019 and 2018, respectively, and $2,605 and $4,513 for the six months ended June 30, 2019 and 2018, respectively. Unrecognized compensation costs of share and unit-based plans at June 30, 2019 consisted of $6,407 from LTIP Units, $3,555 from stock units and $482 from phantom stock units.

20. Income Taxes:

The Company has made taxable REIT subsidiary elections for all of its corporate subsidiaries other than its qualified REIT subsidiaries. The elections, effective for the year beginning January 1, 2001 and future years, were made pursuant to Section 856(l) of the Code. The Company's taxable REIT subsidiaries ("TRSs") are subject to corporate level income taxes which are provided for in the Company's consolidated financial statements. The Company's primary TRSs include Macerich Management Company and Macerich Arizona Partners LLC.

The income tax provision of the TRSs are as follows:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Current	$ 172	$ —	$ 172	$ 439
Deferred	(851)	(684)	(1,197)	1,826
Total income tax (expense) benefit	$ (679)	$ (684)	$ (1,025)	$ 2,265

The net operating loss ("NOL") carryforwards generated through the 2017 tax year are scheduled to expire through 2037, beginning in 2025. Pursuant to the Tax Cuts and Jobs Act of 2017, NOLs generated in 2018 and subsequent tax years carryforward indefinitely subject to the 80% of taxable income limitation. Net deferred tax assets of $30,999 and $32,197 were included in deferred charges and other assets, net at June 30, 2019 and December 31, 2018, respectively.

The tax years 2015 through 2018 remain open to examination by the taxing jurisdictions to which the Company is subject. The Company does not expect that the total amount of unrecognized tax benefit will materially change within the next twelve months.

21. Subsequent Events:

On July 25, 2019, the Company announced a dividend/distribution of $0.75 per share for common stockholders and OP Unit holders of record on August 19, 2019. All dividends/distributions will be paid 100% in cash on September 6, 2019.

On July 25, 2019, the Company's joint venture in Fashion District Philadelphia amended the existing loan on the joint venture to allow for additional borrowings up to $100,000 at LIBOR plus 2.00%. Concurrent with the amendment, the joint ventured borrowed an additional $26,000.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

IMPORTANT INFORMATION RELATED TO FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q of The Macerich Company (the "Company") contains or incorporates statements that constitute forward-looking statements within the meaning of the federal securities laws. Any statements that do not relate to historical or current facts or matters are forward-looking statements. You can identify some of the forward-looking statements by the use of forward-looking words, such as "may," "will," "could," "should," "expects," "anticipates," "intends," "projects," "predicts," "plans," "believes," "seeks," "estimates," "scheduled" and variations of these words and similar expressions. Statements concerning current conditions may also be forward-looking if they imply a continuation of current conditions. Forward-looking statements appear in a number of places in this Form 10-Q and include statements regarding, among other matters:

- expectations regarding the Company's growth;
- the Company's beliefs regarding its acquisition, redevelopment, development, leasing and operational activities and opportunities, including the performance of its retailers;
- the Company's acquisition, disposition and other strategies;
- regulatory matters pertaining to compliance with governmental regulations;
- the Company's capital expenditure plans and expectations for obtaining capital for expenditures;
- the Company's expectations regarding income tax benefits;
- the Company's expectations regarding its financial condition or results of operations; and
- the Company's expectations for refinancing its indebtedness, entering into and servicing debt obligations and entering into joint venture arrangements.

Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or the industry to differ materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. Such factors include, among others, general industry, as well as national, regional and local economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates, terms and payments, interest rate fluctuations, availability, terms and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development and redevelopment, acquisitions and dispositions; the liquidity of real estate investments, governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities or other acts of violence which could adversely affect all of the above factors. You are urged to carefully review the disclosures we make concerning these risks and other factors that may affect our business and operating results, under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2018, as well as our other reports filed with the Securities and Exchange Commission (the "SEC"), which disclosures are incorporated herein by reference. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless required by law to do so.

Management's Overview and Summary

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. The Company is the sole general partner of, and owns a majority of the ownership interests in, The Macerich Partnership, L.P. (the "Operating Partnership"). As of June 30, 2019, the Operating Partnership owned or had an ownership interest in 47 regional shopping centers and five community/power shopping centers aggregating approximately 51 million square feet of gross leasable area. These 52 regional and community/power shopping centers are referred to hereinafter as the "Centers," unless the context otherwise requires. The property management, leasing and redevelopment of the Company's portfolio is provided by the Company's seven management companies (collectively referred to herein as the "Management Companies"). The Company is a self-administered and self-managed real estate investment trust ("REIT") and conducts all of its operations through the Operating Partnership and the Management Companies.

The following discussion is based primarily on the consolidated financial statements of the Company for the three and six months ended June 30, 2019 and 2018. It compares the results of operations for the three months ended June 30, 2019 to the results of operations for the three months ended June 30, 2018. It also compares the results of operations and cash flows for the six months ended June 30, 2019 to the results of operations and cash flows for the six months ended June 30, 2018.

This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Acquisitions and Dispositions:

The financial statements reflect the following acquisitions, dispositions and changes in ownership subsequent to the occurrence of each transaction.

On February 16, 2018, the Company's joint venture in Fashion District Philadelphia sold its share of an office building for $41.8 million, resulting in a gain on sale of assets of $5.5 million. The Company's pro rata share of the gain on the sale of assets of $2.8 million was included in equity in income from unconsolidated joint ventures. The Company used its portion of the proceeds to pay down its line of credit and for general corporate purposes.

On March 1, 2018, the Company formed a 25/75 joint venture with Hudson Pacific Properties, whereby the Company agreed to contribute Westside Pavilion (referred to hereafter as "One Westside"), a 680,000 square foot regional shopping center in Los Angeles, California, in exchange for $142.5 million. The Company completed the sale of the 75% ownership interest in the property to Hudson Pacific Properties on August 31, 2018, resulting in a gain on sale of assets of $46.2 million. The sales price was funded by a cash payment of $36.9 million and the assumption of a pro rata share of the mortgage note payable on the property of $105.6 million. The Company used the proceeds to fund its share of the cost to defease the mortgage note payable on the property (See "Financing Activities"). From March 1, 2018 to the completion of the sale, the Company accounted for its interest in the property as a collaborative arrangement (See Note 15—Collaborative Arrangement of the Company's consolidated financial statements). Upon completion of the sale, the Company has accounted for its ownership interest in the property under the equity method of accounting.

On May 17, 2018, the Company sold Promenade at Casa Grande, a 761,000 square foot community center in Casa Grande, Arizona, for $26.0 million, resulting in a loss on sale of assets of $0.3 million. The Company used the proceeds from the sale to pay down its line of credit and for other general corporate purposes.

On July 6, 2018, the Company’s joint venture in The Market at Estrella Falls, a 298,000 square foot community center in Goodyear, Arizona, sold the property for $49.1 million, resulting in a gain on sale of assets of $12.6 million. The Company's share of the gain of $3.0 million was included in equity in income from unconsolidated joint ventures. The proceeds were used to pay off the $24.1 million mortgage loan payable on the property, settle development obligations and for distributions to the partners. The Company used its share of the net proceeds for general corporate purposes.

Financing Activities:

On January 22, 2018, the Company's joint venture in Fashion District Philadelphia obtained a $250.0 million term loan that bears interest at LIBOR plus 2.0% and matures on January 22, 2023. Concurrent with the loan closing, the joint venture borrowed $150.0 million on the term loan and borrowed the remaining $100.0 million on March 26, 2018. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On March 29, 2018, the Company's joint venture in Broadway Plaza placed a $450.0 million loan on the property that bears interest at an effective rate of 4.19% and matures on April 1, 2030. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On August 31, 2018, concurrent with the sale of the ownership interest in One Westside (See "Acquisitions and Dispositions"), the joint venture defeased the $140.8 million mortgage note payable on the property by providing a $149.2 million portfolio of marketable securities as replacement collateral in lieu of the property. The Company funded its $37.3 million share of the purchase price of the marketable securities portfolio with the proceeds from the sale of the ownership interest in the property.

On September 14, 2018, the Company entered into four interest rate swap agreements that effectively convert a total of $400.0 million of the outstanding balance of the Company’s line of credit from floating rate debt of LIBOR plus 1.45% to fixed rate debt of 4.30% until September 30, 2021.

On November 7, 2018, the Company's joint venture in Boulevard Shops replaced the existing loan on the property with a new $18.8 million loan that bears interest at LIBOR plus 1.85% and matures on December 5, 2023. The loan can be expanded, depending on certain conditions, up to $23.0 million. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On January 10, 2019, the Company replaced the existing loan on Fashion Outlets of Chicago with a new $300.0 million loan that bears interest at an effective rate of 4.61% and matures on February 1, 2031. The Company used the net proceeds to pay down its line of credit and for general corporate purposes.

On February 22, 2019, the Company's joint venture in The Shops at Atlas Park entered into an agreement to increase the total borrowing capacity of the existing loan on the property from $57.8 million to $80.0 million, and to extend the maturity date to October 28, 2021, including extension options. Concurrent with the loan modification, the joint venture borrowed an additional $18.4 million. The Company used its $9.2 million share of the additional proceeds to pay down its line of credit and for general corporate purposes.

On June 3, 2019, the Company's joint venture in SanTan Village Regional Center replaced the existing loan on the property with a new $220.0 million loan that bears interest at an effective rate of 4.34% and matures on July 1, 2029. The Company used its share of the additional proceeds to pay down its line of credit and for general corporate purposes.

On June 27, 2019, the Company replaced the existing loan on Chandler Fashion Center with a new $256.0 million loan that bears interest at an effective rate of 4.18% and matures on July 5, 2024. The Company used its share of the additional proceeds to pay down its line of credit and for general corporate purposes.

On July 25, 2019, the Company's joint venture in Fashion District Philadelphia amended the existing loan on the joint venture to allow for additional borrowings up to $100.0 million at LIBOR plus 2.00%. Concurrent with the amendment, the joint ventured borrowed an additional $26.0 million.

Redevelopment and Development Activities:

The Company's joint venture is proceeding with the redevelopment of Fashion District Philadelphia, an 850,000 square foot shopping center in Philadelphia, Pennsylvania. The project is expected to be completed in September 2019. The total cost of the project is estimated to be between $400.0 million and $420.0 million, with $200.0 million to $210.0 million estimated to be the Company's pro rata share. The Company has funded $163.4 million of the total $326.9 million incurred by the joint venture as of June 30, 2019.

The Company's joint venture in Scottsdale Fashion Square is redeveloping a former Barney's store and an 80,000 square foot exterior expansion. The project is expected to be completed in 2019. The total cost of the project is estimated to be between $140.0 million and $160.0 million, with $70.0 million to $80.0 million estimated to be the Company's pro rata share. The Company has funded $30.9 million of the total $61.9 million incurred by the joint venture as of June 30, 2019.

The Company's joint venture with Hudson Pacific Properties is redeveloping One Westside into 584,000 square feet of creative office space and 96,000 square feet of dining and entertainment space. The entire creative office space has been leased to Google and is expected to be completed in 2022. The total cost of the project is estimated to be between $500.0 million and $550.0 million, with $125.0 million to $137.5 million estimated to be the Company's pro rata share. The Company has funded $44.9 million of the total $179.8 million incurred by the joint venture as of June 30, 2019.

On September 6, 2018, the Company formed a 50/50 joint venture with Simon Property Group to develop Los Angeles Premium Outlets, a premium outlet center in Carson, California that is planned to open with approximately 400,000 square feet, followed by an additional 165,000 square feet in the second phase. The first phase of the project is expected to be completed in fall 2021. The Company has funded $21.0 million of the total $42.0 million incurred by the joint venture as of June 30, 2019.

In connection with the closures and lease rejections of several Sears stores owned or partially owned by the Company, the Company anticipates spending between $250.0 million to $300.0 million at the Company's pro rata share to redevelop the Sears stores. The anticipated openings of such redevelopments are expected to occur over several years. The estimated range of redevelopment costs could increase if the Company or its joint venture decide to expand the scope of the redevelopments.

Other Transactions and Events:

On February 1 and 2, 2018, the Company reduced its workforce by approximately 10 percent. The Company incurred a one-time charge of $12.7 million in connection with the workforce reduction during the three months ended March 31, 2018.

During the three months ended June 30, 2018, the Company incurred $19.4 million in costs associated with activities related to shareholder activism. These costs were primarily for legal and advisory services.

On January 1, 2019, the Company adopted Accounting Standards Codification ("ASC") 842, "Leases", under the modified retrospective method. The new standard amended the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). In connection with the adoption of the new lease standard, the Company elected to use the transition packages of practical expedients for implementation provided by the Financial Accounting Standards Board ("FASB"), which included (i) relief from re-assessing whether an expired or existing contract meets the definition of a lease, (ii) relief from re-assessing the classification of expired or existing leases at the adoption date, (iii) allowing previously capitalized initial direct leasing costs to continue to be amortized, and (iv) application of the standard as of the adoption date rather than to all periods presented.

The new standard requires that lessors expense, on an as-incurred basis, certain initial direct costs that are not incremental in negotiating a lease. Initial direct costs include the salaries and related costs for employees directly working on leasing activities. Prior to January 1, 2019, these costs were capitalizable and therefore the new lease standard resulted in certain of these costs being expensed as incurred. For comparison purposes, the Company has reclassified leasing costs that were included in management companies' operating expenses to leasing expenses for the three and six months ended June 30, 2018, to conform to the presentation for the three and six months ended June 30, 2019. Upon adoption of the new standard, the Company has presented all revenues associated with leases as leasing revenue on its consolidated statement of operations. For comparison purposes, the Company has reclassified minimum rents, percentage rents, tenant recoveries and other leasing income to leasing revenue for the three and six months ended June 30, 2018, to conform to the presentation for the three and six months ended June 30, 2019. The new standard also requires the Company to reduce leasing revenue for credit losses associated with lease receivables. In addition, straight-line rent receivables are written off when the Company believes there is uncertainty regarding a tenant's ability to complete the term of the lease. As a result, the Company recognized a cumulative effect adjustment of $2.2 million upon adoption for the write off of straight-line rent receivables of tenants that were in litigation or bankruptcy. The standard also requires that the provision for bad debts relating to leases be presented as a reduction of leasing revenue. For the three and six months ended June 30, 2018, the provision for bad debts is included in shopping center and operating expenses.

Inflation:

In the last five years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically throughout the lease term. These rent increases are either in fixed increments or based on using an annual multiple of increases in the Consumer Price Index ("CPI"). In addition, approximately 5% to 15% of the leases for spaces 10,000 square feet and under expire each year, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. The Company has generally entered into leases that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses actually incurred at any Center, which places the burden of cost control on the Company. Additionally, certain leases require the tenants to pay their pro rata share of operating expenses.

Seasonality:

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season when retailer occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve a substantial portion of their specialty (temporary retailer) rents during the holiday season and the majority of percentage rent is recognized in the fourth quarter. As a result of the above, earnings are generally higher in the fourth quarter.

Critical Accounting Policies

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectible accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, capitalization of costs and fair value measurements. The Company's significant accounting policies are described in more detail in Note 2—Summary of Significant Accounting Policies in the Company's Notes to the Consolidated Financial Statements. However, the following policies are deemed to be critical.

Acquisitions:

The Company allocates the estimated fair value of acquisitions to land, building, tenant improvements and identified intangible assets and liabilities, based on their estimated fair values. In addition, any assumed mortgage notes payable are recorded at their estimated fair values. The estimated fair value of the land and buildings is determined utilizing an "as if vacant" methodology. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with "cost avoidance" of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company's markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased; and (iii) above or below-market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus any below-market fixed rate renewal options. Above or below-market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below-market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below-market leases may include certain below-market fixed-rate renewal periods. In considering whether or not a lessee will execute a below-market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the Center, the Company's relationship with the tenant and the availability of competing tenant space. The initial allocation of purchase price is based on management's preliminary assessment, which may change when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which does not exceed one year. The purchase price allocation is described as preliminary if it is not yet final. The use of different assumptions in the allocation of the purchase price of the acquired assets and liabilities assumed could affect the timing of recognition of the related revenues and expenses.

The Company immediately expenses costs associated with business combinations as period costs and capitalizes costs associated with asset acquisitions.

Remeasurement gains are recognized when the Company obtains control of an existing equity method investment to the extent that the fair value of the existing equity investment exceeds the carrying value of the investment.

Asset Impairment:

The Company assesses whether an indicator of impairment in the value of its properties exists by considering expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include projected rental revenue, operating costs and capital expenditures as well as estimated holding periods and capitalization rates. If an impairment indicator exists, the determination of recoverability is made based upon the estimated undiscounted future net cash flows, excluding interest expense. The amount of impairment loss, if any, is determined by comparing the fair value, as determined by a discounted cash flows analysis or a contracted sales price, with the carrying value of the related assets. The Company generally holds and operates its properties long-term, which decreases the likelihood of their carrying values not being recoverable. Properties classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell.

The Company reviews its investments in unconsolidated joint ventures for a series of operating losses and other factors that may indicate that a decrease in the value of its investments has occurred which is other-than-temporary. The investment in each unconsolidated joint venture is evaluated periodically, and as deemed necessary, for recoverability and valuation declines that are other-than-temporary.

Fair Value of Financial Instruments:

The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity and the reporting entity's own assumptions about market participant assumptions.

Level 1 inputs utilize quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which is typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

The Company calculates the fair value of financial instruments and includes this additional information in the notes to consolidated financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made.

The Company records its Financing Arrangement (See Note 12—Financing Arrangement of the Company's consolidated financial statements) obligation at fair value on a recurring basis with changes in fair value being recorded as interest expense in the Company’s consolidated statements of operations. The fair value is determined based on a discounted cash flow model, with the significant unobservable inputs including the multiple of net operating income, discount rate, and market rents. The fair value of the Financing Arrangement obligation is sensitive to these significant unobservable inputs and a change in these inputs may result in a significantly higher or lower fair value measurement.

Results of Operations

Many of the variations in the results of operations, discussed below, occurred because of the transactions affecting the Company's properties described in Management's Overview and Summary above, including the Redevelopment Properties and the JV Transition Center and the Disposition Property (as defined below).

For purposes of the discussion below, the Company defines "Same Centers" as those Centers that are substantially complete and in operation for the entirety of both periods of the comparison. Non-Same Centers for comparison purposes include those Centers or properties that are going through a substantial redevelopment often resulting in the closing of a portion of the Center (“Redevelopment Properties”), those properties that have recently transitioned to or from equity method joint ventures to or from consolidated assets ("JV Transition Center") and properties that have been disposed of ("Disposition Property"). The Company moves a Center in and out of Same Centers based on whether the Center is substantially complete and in operation for the entirety of both periods of the comparison. Accordingly, the Same Centers consist of all consolidated Centers, excluding the Redevelopment Properties, the JV Transition Center and the Disposition Property, for the periods of comparison.

For the comparison of the three and six months ended June 30, 2019 to the three and six months ended June 30, 2018, the Redevelopment Properties are Paradise Valley Mall and certain ground up developments. For the comparison of the three and six months ended June 30, 2019 to the three and six months ended June 30, 2018, the JV Transition Center is One Westside. For the comparison of the three and six months ended June 30, 2019 to the three and six months ended June 30, 2018, the Disposition Property is Promenade at Casa Grande.

Unconsolidated joint ventures are reflected using the equity method of accounting. The Company's pro rata share of the results from these Centers is reflected in the Consolidated Statements of Operations as equity in income of unconsolidated joint ventures.

The Company considers tenant annual sales per square foot (for tenants in place for a minimum of twelve months or longer and 10,000 square feet and under), occupancy rates (excluding large retail stores or "Anchors") and releasing spreads (i.e. a comparison of initial average base rent per square foot on leases executed during the trailing twelve months to average base rent per square foot at expiration for the leases expiring during the trailing twelve months based on the spaces 10,000 square feet and under) to be key performance indicators of the Company's internal growth.

Tenant sales per square foot increased from $692 for the twelve months ended June 30, 2018 to $776 for the twelve months ended June 30, 2019. Occupancy rate decreased from 94.3% at June 30, 2018 to 94.1% at June 30, 2019. Releasing spreads remained positive as the Company was able to lease available space at higher average rents than the expiring rental rates, resulting in a releasing spread of $5.13 per square foot ($59.60 on new and renewal leases executed compared to $54.47 on leases expiring), representing a 9.4% increase for the trailing twelve months ended June 30, 2019. The Company expects that releasing spreads will continue to be positive for the remainder of 2019 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire in the next twelve months represent 0.9 million square feet of the Centers, accounting for 12.5% of the gross leasable area ("GLA") of mall stores and freestanding stores, for spaces 10,000 square feet and under, as of June 30, 2019. These calculations exclude Centers under development or redevelopment and property dispositions (See "Acquisitions and Dispositions" and "Redevelopment and Development Activities" in Management's Overview and Summary).

During the trailing twelve months ended June 30, 2019, the Company signed 266 new leases and 408 renewal leases comprising approximately 1.0 million square feet of GLA, of which 0.8 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was $59.60 per square foot for the trailing twelve months ended June 30, 2019 with an average tenant allowance of $36.63 per square foot.

Outlook

The Company has a long-term four-pronged business strategy that focuses on the acquisition, leasing and management, redevelopment and development of Regional Shopping Centers. Although the Company believes that overall regional shopping centers fundamentals in its markets appear reasonably strong, the Company expects that its results for 2019 will be negatively impacted by rising interest rates and anticipated Anchor closures and tenant bankruptcies, among other factors.

Rising interest rates increase the cost of the Company’s borrowings due to its outstanding floating-rate debt and lead to higher interest rates on new fixed-rate debt. In certain cases, the Company may limit its exposure to interest rate fluctuations related to a portion of its floating-rate debt by using interest rate cap and swap agreements. Such agreements, subject to current market conditions, allow the Company to replace floating-rate debt with fixed-rate debt in order to achieve its desired ratio of floating-rate to fixed-rate debt. However, in an increasing interest rate environment the fixed rates the Company can obtain with such replacement fixed-rate cap and swap agreements or the fixed-rate on new debt will also continue to increase.

In recent years, a number of companies in the retail industry, including some of the Company’s Anchors, have declared bankruptcy, have gone out of business or have significantly reduced the number of their retail stores. Store closures by an Anchor may impact the Company’s Centers more holistically by causing other Anchors and/or certain other tenants to terminate their leases, receive reduced rent and/or cease operating their stores at the Center.

On October 15, 2018, Sears filed for bankruptcy and announced additional store closings. At the time of the bankruptcy filing, the Company had twenty-one Sears stores in its portfolio totaling approximately 3.1 million square feet and accounted for less than 1% of the Company’s total leasing revenue. The twenty-one stores included seven owned by the Company, nine owned by the Company’s joint venture with Seritage Growth Properties (“Seritage”), one store that was owned by Sears and four stores that were owned by Seritage. Although, in the short-term, the bankruptcy of an Anchor such as Sears may lead to lost base rent and the triggering of co-tenancy clauses, there is also the potential to create additional future value through the recapturing of space and releasing that space to new tenants at higher rent per square foot, which the Company has demonstrated through its joint venture with Seritage and the completed redevelopment of a former Sears store at Kings Plaza Shopping Center in July 2018.

As of June 30, 2019, the Company recaptured ten Sears locations, including seven through its joint venture with Seritage, through formal lease rejections and lease terminations. The Company currently anticipates aggregate redevelopment investments at these locations of $250 million to $300 million (at the Company's pro rata share) over the next several years. New tenants are expected to open at several projects in late 2020.

Comparison of Three Months Ended June 30, 2019 and 2018

Revenues:

Leasing revenue decreased by $6.0 million, or 2.8%, from 2018 to 2019. The decrease in leasing revenue is attributed to decreases of $4.3 million from the Same Centers, $0.7 million from the Disposition Property, $0.6 million from the JV Transition Center and $0.4 million from the Redevelopment Properties. Leasing revenue includes the amortization of above and below-market leases, the amortization of straight-line rents and lease termination income. The amortization of above and below-market leases increased from $1.9 million in 2018 to $4.1 million in 2019. The amortization of straight-line rents decreased from $2.7 million in 2018 to $1.5 million in 2019. Lease termination income increased from $1.7 million in 2018 to $2.6 million in 2019. Leasing revenue also includes a provision for bad debts of $2.0 million in 2019 (See "Other Transactions and Events" in Management's Overview and Summary). The decrease in leasing revenue at the Same Centers is primarily due to the inclusion of the provision for bad debts in 2019 and a decrease in property tax recoveries.

Management Companies' revenue decreased from $10.5 million in 2018 to $9.1 million in 2019. The decrease in Management Companies' revenue is primarily due to a decrease in development fees from unconsolidated joint ventures.

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased $4.0 million, or 5.8%, from 2018 to 2019. The decrease in shopping center and operating expenses is attributed to decreases of $3.2 million from the Same Centers, $0.4 million from the Redevelopment Properties and $0.4 million from the Disposition Property. The decrease in shopping center and operating expenses at the Same Centers is primarily due to the exclusion of bad debt expense in 2019 (See "Other Transactions and Events" in Management's Overview and Summary) and a decrease in property taxes.

Leasing Expenses:

Leasing expenses increased from $2.7 million in 2018 to $7.7 million in 2019. The increase in leasing expenses is due to the Company's adoption of ASC 842 in 2019 (See "Other Transactions and Events" in Management's Overview and Summary).

Management Companies' Operating Expenses:

Management Companies' operating expenses decreased $2.6 million from 2018 to 2019 primarily due to a decrease in payroll and share and unit-based compensation expense.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased $0.4 million from 2018 to 2019.

Costs Related to Shareholder Activism:

The Company incurred $19.4 million in costs related to shareholder activism in 2018 (See "Other Transactions and Events" in Management's Overview and Summary).

Depreciation and Amortization:

Depreciation and amortization increased $3.5 million from 2018 to 2019. The increase in depreciation and amortization is attributed to an increase of $4.0 million from the Same Centers offset in part by decreases of $0.3 million from the Disposition Property, $0.1 million from the Redevelopment Properties and $0.1 million from the JV Transition Center.

Interest Expense:

Interest expense decreased $1.8 million from 2018 to 2019. The decrease in interest expense is attributed to a decrease of $8.4 million from the Financing Arrangement (See "Other Transactions and Events" in Management's Overview and Summary) offset in part by increases of $3.9 million from the Same Centers and $2.7 million from the borrowings under the Company's line of credit. The decrease in interest expense from the Financing Arrangement is primarily due to the change in fair value of the underlying properties and the mortgage notes payable on the underlying properties. The increase in interest expense at the Same Centers is primarily due to the decrease in capitalized interest, which decreased from $4.7 million in 2018 to $2.1 million in 2019. The decrease in capitalized interest is primarily due to the completion of the redevelopment of the former Sears store at Kings Plaza Shopping Center in 2018.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $8.4 million from 2018 to 2019. The decrease in equity in income from unconsolidated joint ventures is primarily due to the write-down of intangible assets as a result of lease terminations at the Company's joint venture with Seritage in 2019.

Loss on Sale or Write Down of Assets, net:

The loss on sale or write down of assets, net decreased $0.5 million from 2018 to 2019. The decrease in loss on sale or write down of assets, net is primarily due to $9.2 million of impairment losses on two freestanding stores and Southridge Center in 2018 offset in part by an increase of $8.4 million on the write-down of development costs in 2019. The impairment losses were due to the reduction in the estimated holding periods of the properties.

Net Income:

Net income increased $5.1 million from 2018 to 2019. The increase in net income is primarily due to the $19.4 million in costs related to shareholder activism in 2018 offset in part by the decrease of $8.4 million in equity in income from unconsolidated joint ventures, as discussed above.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO attributable to common stockholders and unit holders—diluted increased 6.3% from $125.7 million in 2018 to $133.6 million in 2019. For a reconciliation of net income attributable to the Company, the most directly comparable GAAP financial measure, to FFO attributable to common stockholders and unit holders and FFO attributable to common stockholders and unit holders—diluted, see "Funds From Operations ("FFO")" below.

Comparison of Six Months Ended June 30, 2019 and 2018

Revenues:

Leasing revenue decreased by $13.1 million, or 3.0%, from 2018 to 2019. The decrease in leasing revenue is attributed to decreases of $7.1 million from the Same Centers, $3.0 million from the JV Transition Center, $2.2 million from the Disposition Property and $0.8 million from the Redevelopment Properties. The amortization of above and below-market leases increased from $1.8 million in 2018 to $4.6 million in 2019. Straight-line rents decreased from $5.4 million in 2018 to $3.9 million in 2019. Lease termination income decreased from $3.4 million in 2018 to $3.2 million in 2019. Leasing revenue also includes a provision for bad debts of $3.8 million in 2019 (See "Other Transactions and Events" in Management's Overview and Summary). The decrease in leasing revenue at the Same Centers is primarily due to the inclusion of the provision for bad debts in 2019 and a decrease in property tax recoveries.

Management Companies' revenue decreased from $21.0 million in 2018 to $19.3 million in 2019.

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased $8.9 million, or 6.2%, from 2018 to 2019. The decrease in shopping center and operating expenses is attributed to decreases of $5.7 million from the Same Centers, $1.5 million from the JV Transition Center, $1.2 million from the Disposition Property and $0.5 million from the Redevelopment Properties. The decrease in shopping center and operating expenses at the Same Centers is primarily due to the exclusion of bad debt expense in 2019 (See "Other Transactions and Events" in Management's Overview and Summary) and a decrease in property taxes.

Leasing Expenses:

Leasing expenses increased from $6.0 million in 2018 to $15.2 million in 2019. The increase in leasing expenses is due to the Company's adoption of ASC 842 in 2019 (See "Other Transactions and Events" in Management's Overview and Summary).

Management Companies' Operating Expenses:

Management Companies' operating expenses decreased $18.6 million from 2018 to 2019. The decrease is attributed to a one-time charge of $12.7 million in connection with the Company's reduction in work force in 2018 (See "Other Transactions and Events" in Management's Overview and Summary) and the subsequent reduction in payroll and share and unit-based compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased $1.4 million from 2018 to 2019 due to a reduction in compensation costs.

Costs Related to Shareholder Activism:

The Company incurred $19.4 million in costs related to shareholder activism in 2018 (See "Other Transactions and Events" in Management's Overview and Summary).

Depreciation and Amortization:

Depreciation and amortization increased $5.0 million from 2018 to 2019. The increase in depreciation and amortization is attributed to an increase of $7.2 million from the Same Centers offset in part by decreases of $1.2 million from the JV Transition Center, $0.7 million from the Disposition Property and $0.3 million from the Redevelopment Properties.

Interest Expense:

Interest expense decreased $16.1 million from 2018 to 2019. The decrease in interest expense was attributed to decreases of $26.8 million from the Financing Arrangement (See "Other Transactions and Events" in Management's Overview and Summary) and $0.9 million from the JV Transition Center offset in part by increases of $6.6 million from the Same Centers, $0.9 million from the Redevelopment Properties and $4.1 million from borrowings under the Company's line of credit. The decrease in interest expense from the Financing Arrangement is primarily due to the change in fair value of the underlying properties and the mortgage notes payable on the underlying properties. The increase in interest expense at the Same Centers is primarily due to the new loan on Fashion Outlets of Chicago (See "Financing Activities" in Management's Overview and Summary) and the decrease in capitalized interest, which decreased from $9.0 million in 2018 to $4.9 million in 2019. The decrease in capitalized interest is primarily due to the completion of the redevelopment of the former Sears store at Kings Plaza Shopping Center in 2018.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $13.0 million from 2018 to 2019. The decrease in equity in income from unconsolidated joint ventures is primarily due to the write-down of intangible assets as a result of lease terminations at the Company's joint venture with Seritage in 2019, the gain of $2.8 million on the sale of an ownership interest in a building at Fashion District Philadelphia in 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary) and interest expense from the loan placed on Broadway Plaza in 2018 (See "Financing Activities" in Management's Overview and Summary).

Loss on Sale or Write Down of Assets, net:

Loss on sale or write down of assets, net decreased $31.7 million from 2018 to 2019. The decrease in loss on sale or write down of assets, net is primarily due to the $46.5 million in impairment losses on SouthPark Mall, Promenade at Casa Grande, Southridge Center and two freestanding stores in 2018 offset in part by a $13.7 million increase in the write down of development costs. The impairment losses were due to the reduction in the estimated holding periods of the properties.

Net Income (Loss):

The change in net income (loss) was $48.3 million from 2018 to 2019, resulting from net loss of $25.5 million in 2018 and net income of $22.8 million in 2019. The change in net income (loss) is primarily due to the $31.7 million decrease in loss on sale or write down of assets and the $19.4 million in costs related to shareholder activism in 2018, as discussed above.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO attributable to common stockholders and unit holders—diluted increased 2.6% from $249.2 million in 2018 to $255.6 million in 2019. For a reconciliation of net income (loss) attributable to the Company, the most directly comparable GAAP financial measure, to FFO attributable to common stockholders and unit holders and FFO attributable to common stockholders and unit holders—diluted, see "Funds From Operations ("FFO")" below.

Operating Activities:

Cash provided by operating activities increased $0.2 million from 2018 to 2019. The increase is primarily due to the changes in assets and liabilities and the results as discussed above.

Investing Activities:

Cash provided by investing activities decreased $289.0 million from 2018 to 2019. The decrease in cash provided by investing activities is primarily attributed to a decrease in distributions from unconsolidated joint ventures of $356.7 million offset in part by an increase in proceeds from notes receivable of $65.0 million. The decrease in distributions from unconsolidated joint ventures is primarily due to the distribution of the Company's share of proceeds from the loans placed on Broadway Plaza and Fashion District Philadelphia (See "Financing Activities" in Management's Overview and Summary) and the sale of an ownership interest in an office building at Fashion District Philadelphia (See "Acquisitions and Dispositions" in Management's Overview and Summary) in 2018. The increase in proceeds from notes receivable is due to the repayment of the note receivable from the Lennar Corporation in 2019 (See Note 18—Related Party Transactions in the Company's Notes to Consolidated Financial Statements).

Financing Activities:

Cash used in financing activities decreased $288.5 million from 2018 to 2019. The decrease in cash used in financing activities is primarily due to an increase in proceeds from mortgages, bank and other notes payable of $781.0 million offset in part by an increase in payments on mortgages, bank and other notes payable of $444.2 million.

Liquidity and Capital Resources

The Company anticipates meeting its liquidity needs for its operating expenses, debt service and dividend requirements for the next twelve months through cash generated from operations, distributions from unconsolidated joint ventures, working capital reserves and/or borrowings under its unsecured line of credit. The following tables summarize capital expenditures incurred at the Centers (at the Company's pro rata share):

	For the Six Months Ended June 30,	
(Dollars in thousands)	**2019**	**2018**
Consolidated Centers:		
Acquisitions of property, building improvement and equipment	$ 17,424	$ 17,539
Development, redevelopment, expansions and renovations of Centers	45,208	82,281
Tenant allowances	8,297	6,640
Deferred leasing charges	1,781	9,266
	$ 72,710	$ 115,726
Joint Venture Centers:		
Acquisitions of property, building improvement and equipment	$ 4,653	$ 4,513
Development, redevelopment, expansions and renovations of Centers	84,049	59,655
Tenant allowances	4,136	4,073
Deferred leasing charges	1,603	4,897
	$ 94,441	$ 73,138

The Company expects amounts to be incurred during the next twelve months for tenant allowances and deferred leasing charges to be comparable or less than 2018 and that capital for those expenditures will be available from working capital, cash flow from operations, borrowings on property specific debt or unsecured corporate borrowings. Although the amounts incurred for deferred leasing charges during the next twelve months are expected to be comparable or less than 2018, the Company began expensing a significant portion of its leasing costs in 2019 in accordance with its adoption of ASC 842 (See "Other Transactions and Events" in Management's Overview and Summary). The Company expects to incur between $250 million and $350 million during the next twelve months for development, redevelopment, expansion and renovations. Capital for these major expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of debt or equity financings, which are expected to include borrowings under the Company's line of credit and construction loans.

The Company has also generated liquidity in the past, and may continue to do so in the future, through equity offerings and issuances, property refinancings, joint venture transactions and the sale of non-core assets. For example, the Company's sales of ownership interests in One Westside and an office building at Fashion District Philadelphia (See "Acquisitions and Dispositions" in Management's Overview and Summary), the sales of The Market at Estrella Falls and Promenade at Casa Grande, and the financing of Fashion Outlets of Chicago, Fashion District Philadelphia, Broadway Plaza, SanTan Village Regional Center and Chandler Fashion Center (See "Financing Activities" in Management's Overview and Summary). The Company used the proceeds from these transactions to pay down its line of credit and for other general corporate purposes. Furthermore, the Company has filed a shelf registration statement, which registered an unspecified amount of common stock, preferred stock, depositary shares, debt securities, warrants, rights, stock purchase contracts and units that may be sold from time to time by the Company. The Company expects any additional repurchases of the Company's common stock under the 2017 Stock Buyback Program to be funded by future sales of non-core assets, borrowings under its line of credit and/or refinancing transactions.

The capital and credit markets can fluctuate and, at times, limit access to debt and equity financing for companies. As demonstrated by the Company's recent activity as discussed below, the Company has been able to access capital; however, there is no assurance the Company will be able to do so in future periods or on similar terms and conditions. Many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions. In the event that the Company has significant tenant defaults as a result of the overall economy and general market conditions, the Company could have a decrease in cash flow from operations, which could result in increased borrowings under its line of credit. These events could result in an increase in the Company's proportion of floating rate debt, which would cause it to be subject to interest rate fluctuations in the future.

The Company's total outstanding loan indebtedness, which includes mortgages and other notes payable, at June 30, 2019 was $7.9 billion (consisting of $5.1 billion of consolidated debt, less $360.6 million of noncontrolling interests, plus $3.2 billion of its pro rata share of unconsolidated joint venture debt). The majority of the Company's debt consists of fixed-rate conventional mortgage notes collateralized by individual properties. The Company expects that all of the maturities during the next twelve months will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

The Company believes that the pro rata debt provides useful information to investors regarding its financial condition because it includes the Company’s share of debt from unconsolidated joint ventures and, for consolidated debt, excludes the Company’s partners’ share from consolidated joint ventures, in each case presented on the same basis. The Company has several significant joint ventures and presenting its pro rata share of debt in this manner can help investors better understand the Company’s financial condition after taking into account the Company's economic interest in these joint ventures. The Company’s pro rata share of debt should not be considered as a substitute for the Company’s total consolidated debt determined in accordance with GAAP or any other GAAP financial measures and should only be considered together with and as a supplement to the Company’s financial information prepared in accordance with GAAP.

The Company has a $1.5 billion revolving line of credit facility that bears interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and matures on July 6, 2020 with a one-year extension option. The line of credit can be expanded, depending on certain conditions, up to a total facility of $2.0 billion. All obligations under the facility are unconditionally guaranteed only by the Company. Based on the Company's leverage level as of June 30, 2019, the borrowing rate on the facility was LIBOR plus 1.45%. The Company has four interest rate swap agreements that effectively convert a total of $400.0 million of the outstanding balance from floating rate debt of LIBOR plus 1.45% to fixed rate debt of 4.30% until September 30, 2021. At June 30, 2019, total borrowings under the line of credit were $810.0 million less unamortized deferred finance costs of $3.9 million with a total interest rate of 4.18%. The Company's availability under the line of credit was $689.7 million at June 30, 2019.

Cash dividends and distributions for the six months ended June 30, 2019 were $244.6 million. A total of $165.1 million was funded by operations. The remaining $79.5 million was funded from distributions from unconsolidated joint ventures, which were included in the cash flows from investing activities section of the Company's Consolidated Statement of Cash Flows.

At June 30, 2019, the Company was in compliance with all applicable loan covenants under its agreements.

At June 30, 2019, the Company had cash and cash equivalents of $104.9 million.

Off-Balance Sheet Arrangements:

The Company accounts for its investments in joint ventures that it does not have a controlling interest or is not the primary beneficiary using the equity method of accounting and those investments are reflected on the consolidated balance sheets of the Company as investments in unconsolidated joint ventures.

As of June 30, 2019, one of the Company's joint ventures has $125.0 million of debt that could become recourse to the Company, should the joint venture be unable to discharge the obligation of the related debt.

Additionally, as of June 30, 2019, the Company was contingently liable for $65.8 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Contractual Obligations:

The following is a schedule of contractual obligations as of June 30, 2019 for the consolidated Centers over the periods in which they are expected to be paid (in thousands):

	Payment Due by Period				
Contractual Obligations	**Total**	**Less than 1 year**	**1 - 3 years**	**3 - 5 years**	**More than five years**
Long-term debt obligations (includes expected interest payments)(1)	$ 6,060,394	$ 628,869	$ 2,182,172	$ 529,437	$ 2,719,916
Lease liabilities(2)	227,729	10,056	46,667	30,308	140,698
Purchase obligations(3)	21,246	21,246	—	—	—
Other long-term liabilities	253,721	194,848	14,131	11,458	33,284
	$ 6,563,090	$ 855,019	$ 2,242,970	$ 571,203	$ 2,893,898

(1) Interest payments on floating rate debt were based on rates in effect at June 30, 2019.
(2) See Note 8—Leases in the Company's Notes to Consolidated Financial Statements.
(3) See Note 17—Commitments and Contingencies in the Company's Notes to Consolidated Financial Statements.

Funds From Operations ("FFO")

The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO -diluted as supplemental measures for the real estate industry and a supplement to GAAP measures. The National Association of Real Estate Investment Trusts ("Nareit") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from sales of properties, plus real estate related depreciation and amortization, impairment write-downs of real estate and write-downs of investments in an affiliate where the write-downs have been driven by a decrease in the value of real estate held by the affiliate and after adjustments for unconsolidated joint ventures. The Company accounts for its joint venture in Chandler Freehold as a Financing Arrangement. In connection with this treatment, the Company recognizes financing expense on (i) the changes in fair value of the financing arrangement obligation, (ii) any payments to the joint venture partner equal to their pro rata share of net income and (iii) any payments to the joint venture partner less than or in excess of their pro rata share of net income. The Company excludes from its definition of FFO the noted expense related to the changes in fair value and for the payments to the joint venture partner less than or in excess of their pro rata share of net income. Although the Nareit definition of FFO predates this guidance for accounting for financing arrangements, the Company believes that excluding the noted expense resulting from the Financing Arrangement is consistent with the key objective of FFO as a performance measure and it allows the Company's current FFO to be comparable with the Company's FFO from prior quarters. Adjustments for unconsolidated joint ventures are calculated to reflect FFO on the same basis. The Company also presents FFO excluding extinguishment of debt, net and costs related to shareholder activism.

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. The Company believes that such a presentation also provides investors with a meaningful measure of its operating results in comparison to the operating results of other REITs. In addition, the Company believes that FFO excluding non-routine costs associated with extinguishment of debt provides useful supplemental information regarding the Company's performance as it shows a more meaningful and consistent comparison of the Company's operating performance and allows investors to more easily compare the Company's results. The Company further believes that FFO on a diluted basis is a measure investors find most useful in measuring the dilutive impact of outstanding convertible securities.

The Company believes that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP, and is not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts.

Management compensates for the limitations of FFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and a reconciliation of net income to FFO and FFO-diluted. Management believes that to further understand the Company's performance, FFO should be compared with the Company's reported net income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

Funds From Operations ("FFO") (Continued)

The following reconciles net income (loss) attributable to the Company to FFO and FFO-diluted attributable to common stockholders and unit holders-basic and diluted, excluding loss on early extinguishment of debt, for the three and six months ended June 30, 2019 and 2018 (dollars and shares in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Net income (loss) attributable to the Company	$ 15,734	$ 7,816	$ 23,558	$ (25,757)
Adjustments to reconcile net income (loss) attributable to the Company to FFO attributable to common stockholders and unit holders—basic and diluted:				
Noncontrolling interests in the Operating Partnership	1,147	562	1,724	(1,888)
Loss on sale or write down of assets, net—consolidated assets	9,059	9,518	15,375	47,030
Add: noncontrolling interests share of (loss) gain on sale or write down of assets—consolidated assets	(3,369)	(10)	(3,369)	580
Add: gain on sale of undepreciated assets—consolidated assets	—	548	534	1,355
Loss (gain) on sale or write down of assets—unconsolidated joint ventures, net(1)	313	(203)	384	(46)
Add: gain (loss) on sale of undepreciated assets—unconsolidated joint ventures(1)	—	307	—	(1,778)
Depreciation and amortization—consolidated assets	82,385	78,868	163,853	158,805
Less: noncontrolling interests in depreciation and amortization—consolidated assets	(3,676)	(3,635)	(7,321)	(7,276)
Depreciation and amortization—unconsolidated joint ventures(1)	51,207	42,596	96,205	86,180
Less: depreciation on personal property	(3,934)	(3,322)	(7,799)	(6,667)
Financing expense in connection with Chandler Freehold	(15,225)	(7,357)	(27,569)	(1,337)
FFO attributable to common stockholders and unit holders—basic and diluted	133,641	125,688	255,575	249,201
Loss on extinguishment of debt, net—consolidated assets	—	—	351	—
FFO attributable to common stockholders and unit holders excluding loss on extinguishment of debt—basic and diluted	133,641	125,688	255,926	249,201
Costs related to shareholder activism	—	19,369	—	19,369
FFO attributable to common stockholders and unit holders, excluding loss on extinguishment of debt and costs related to shareholder activism—basic and diluted	$ 133,641	$ 145,057	$ 255,926	$ 268,570
Weighted average number of FFO shares outstanding for:				
FFO attributable to common stockholders and unit holders—basic(2)	151,760	151,535	151,718	151,426
Adjustments for impact of dilutive securities in computing FFO—diluted:				
Share and unit based compensation plans	—	—	—	8
FFO attributable to common stockholders and unit holders—diluted(3)	151,760	151,535	151,718	151,434

(1) Unconsolidated joint ventures are presented at the Company's pro rata share.

(2) Calculated based upon basic net income as adjusted to reach basic FFO. Includes 10.4 million OP Units for the three months ended June 30, 2019 and 2018, and 10.4 million and 10.3 million OP Units for the six months ended June 30, 2019 and 2018, respectively.

(3) The computation of FFO—diluted shares outstanding includes the effect of share and unit-based compensation plans using the treasury stock method. It also assumes the conversion of MACWH, LP common and preferred units to the extent that they are dilutive to the FFO—diluted computation.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Company's primary market risk exposure is interest rate risk. The Company has managed and will continue to manage interest rate risk by (1) maintaining a ratio of fixed rate, long-term debt to total debt such that floating rate exposure is kept at an acceptable level, (2) reducing interest rate exposure on certain long-term floating rate debt through the use of interest rate caps and/or swaps with matching maturities where appropriate, (3) using treasury rate locks where appropriate to fix rates on anticipated debt transactions, and (4) taking advantage of favorable market conditions for long-term debt and/or equity.

The following table sets forth information as of June 30, 2019 concerning the Company's long-term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value (dollars in thousands):

	Expected Maturity Date							
	For the twelve months ended June 30,							
	2020	2021	2022	2023	2024	Thereafter	Total	Fair Value
CONSOLIDATED CENTERS:								
Long-term debt:								
Fixed rate	$ 467,564	$ 589,431	$ 360,831	$ 25,845	$ 6,995	$ 2,439,732	$ 3,890,398	$ 3,942,814
Average interest rate	3.51%	4.56%	4.08%	4.15%	3.49%	3.86%	3.95%	
Floating rate	—	130,000	810,000	300,000	—	—	1,240,000	1,256,264
Average interest rate	—%	4.59%	4.04%	3.74%	—%	—%	4.03%	
Total debt—Consolidated Centers	$ 467,564	$ 719,431	$ 1,170,831	$ 325,845	$ 6,995	$ 2,439,732	$ 5,130,398	$ 5,199,078
UNCONSOLIDATED JOINT VENTURE CENTERS:								
Long-term debt (at Company's pro rata share):								
Fixed rate	$ 36,601	$ 149,828	$ 47,609	$ 646,509	$ 403,124	$ 1,678,496	$ 2,962,167	$ 2,987,930
Average interest rate	3.69%	3.81%	3.73%	3.47%	4.11%	3.91%	3.83%	
Floating rate	—	11,250	51,183	158,750	9,400	—	230,583	234,433
Average interest rate	—%	3.64%	4.21%	4.27%	4.27%	—%	4.23%	
Total debt—Unconsolidated Joint Venture Centers	$ 36,601	$ 161,078	$ 98,792	$ 805,259	$ 412,524	$ 1,678,496	$ 3,192,750	$ 3,222,363

The consolidated Centers' total fixed rate debt at June 30, 2019 and December 31, 2018 was $3.9 billion and $3.5 billion, respectively. The average interest rate on such fixed rate debt at June 30, 2019 and December 31, 2018 was 3.95% and 3.82%, respectively. The consolidated Centers' total floating rate debt at June 30, 2019 and December 31, 2018 was $1.2 billion and $1.5 billion, respectively. The average interest rate on such floating rate debt at June 30, 2019 and December 31, 2018 was 4.03% and 4.00%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at June 30, 2019 and December 31, 2018 was $3.0 billion. The average interest rate on such fixed rate debt at June 30, 2019 and December 31, 2018 was 3.83%. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at June 30, 2019 and December 31, 2018 was $230.6 million and $221.4 million, respectively. The average interest rate on such floating rate debt at June 30, 2019 and December 31, 2018 was 4.23% and 4.13%, respectively.

The Company uses derivative financial instruments in the normal course of business to manage or hedge interest rate risk and records all derivatives on the balance sheet at fair value. Interest rate cap agreements offer protection against floating rates on the notional amount from exceeding the rates noted in the above schedule, and interest rate swap agreements effectively replace a floating rate on the notional amount with a fixed rate as noted above. As of June 30, 2019, the Company has one interest rate cap agreement and four interest rate swap agreements in place (See Note 5—Derivative Instruments and Hedging Activities in the Company's Notes to the Consolidated Financial Statements).

In addition, the Company has assessed the market risk for its floating rate debt and believes that a 1% increase in interest rates would decrease future earnings and cash flows by approximately $14.7 million per year based on $1.5 billion of floating rate debt outstanding at June 30, 2019.

The fair value of the Company's long-term debt is estimated based on a present value model utilizing interest rates that reflect the risks associated with long-term debt of similar risk and duration. In addition, the method of computing fair value for mortgage notes payable included a credit value adjustment based on the estimated value of the property that serves as collateral for the underlying debt (See Note 10—Mortgage Notes Payable and Note 11—Bank and Other Notes Payable in the Company's Notes to the Consolidated Financial Statements).

In the event that LIBOR is discontinued, the interest rate for the variable rate debt of the Company and its joint ventures and the swap rate for the Company’s interest rate swaps following such event will be based on an alternative variable rate as specified in the applicable documentation governing such debt or swaps or as otherwise agreed upon. Such an event would not affect the Company’s ability to borrow or maintain already outstanding borrowings or swaps, but the alternative variable rate could be higher and more volatile than LIBOR prior to its discontinuance. The Company understands that LIBOR is expected to remain available through the end of 2021, but may be discontinued or otherwise become unavailable thereafter.

Item 4. Controls and Procedures

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation as of June 30, 2019, the Company's Chief Executive Officer and Chief Financial Officer have concluded that the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is (a) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and (b) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In addition, there has been no change in the Company's internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934) that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

None of the Company, the Operating Partnership, the Management Companies or their respective affiliates are currently involved in any material legal proceedings, although from time-to-time they are involved in various legal proceedings that arise in the ordinary course of business.

Item 1A. Risk Factors

There have been no material changes to the risk factors relating to the Company set forth under the caption "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2019 to April 30, 2019	—	$ —	—	$ 278,707,048
May 1, 2019 to May 31, 2019	—	—	—	$ 278,707,048
June 1, 2019 to June 30, 2019	—	—	—	$ 278,707,048
	—	$ —	—	

(1) On February 12, 2017, the Company's Board of Directors authorized the repurchase of up to $500.0 million of the Company's outstanding common shares from time to time as market conditions warrant.

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Not Applicable

Item 6. Exhibits

Exhibit Number	Description
2.1	Master Agreement, dated November 14, 2014, by and among Pacific Premier Retail LP, MACPT LLC, Macerich PPR GP LLC, Queens JV LP, Macerich Queens JV LP, Queens JV GP LLC, 1700480 Ontario Inc. and the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date November 14, 2014).
3.1	Articles of Amendment and Restatement of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-11, as amended (No. 33-68964)) (Filed in paper - hyperlink is not required pursuant to Rule 105 of Regulation S-T).
3.1.1	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 1995) (Filed in paper - hyperlink is not required pursuant to Rule 105 of Regulation S-T).
3.1.2	Articles Supplementary of the Company (with respect to the first paragraph) (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
3.1.3	Articles Supplementary of the Company (Series D Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
3.1.4	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-3, as amended (No. 333-88718)).
3.1.5	Articles of Amendment of the Company (declassification of Board) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
3.1.6	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date February 5, 2009).
3.1.7	Articles of Amendment of the Company (increased authorized shares) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
3.1.8	Articles of Amendment of the Company (to eliminate the supermajority vote requirement to amend the charter and to clarify a reference in Article NINTH) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 2014).
3.1.9	Articles Supplementary of the Company (election to be subject to Section 3-803 of the Maryland General Corporation Law) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date March 17, 2015).
3.1.10	Articles Supplementary of the Company (Series E Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date March 18, 2015).
3.1.11	Articles Supplementary of the Company (reclassification of Series E Preferred Stock to Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 7, 2015).
3.1.12	Articles Supplementary of the Company (repeal of election to be subject to Section 3-803 of the Maryland General Corporation Law) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 28, 2015).
3.1.13	Articles Supplementary of the Company (opting out of provisions of Subtitle 8 of Title 3 of the Maryland General Corporate Law (MUTA provisions)) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 24, 2019).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 24, 2019).
10.1	Deferred Compensation Plan Amended & Restated Trust Agreement between the Company and Wells Fargo Bank, National Association, effective June 17, 2019.
10.2*	Second Amendment to Amended & Restated Employee Stock Purchase Plan, effective July 25, 2019.
31.1	Section 302 Certification of Thomas O'Hern, Chief Executive Officer
31.2	Section 302 Certification of Scott Kingsmore, Chief Financial Officer
32.1**	Section 906 Certifications of Thomas O'Hern and Scott Kingsmore
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document

104 Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*).

*Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation S-K

** Furnished herewith.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE MACERICH COMPANY

By: /s/ SCOTT W. KINGSMORE

Scott W. Kingsmore

Executive Vice President, Treasurer and Chief Financial Officer

(Principal Financial Officer)

Date: August 5, 2019

Exhibit 10.1

THE MACERICH COMPANY
DEFERRED COMPENSATION PLAN
AMENDED AND RESTATED TRUST AGREEMENT

This Amended and Restated Trust Agreement ("Trust Agreement") is made effective June 17, 2019 (the "Effective Date") by and between THE MACERICH COMPANY, a company incorporated under the laws of Maryland ("Company") and WELLS FARGO BANK, NATIONAL ASSOCIATION ("Trustee"):

WHEREAS, the Company established this trust (the "Trust") under the prior Trust Agreement made effective October 1, 2012, by and between the Company and Wilmington Trust, National Association (the "Prior Trustee") and wishes to appoint Wells Fargo Bank, National Association, as successor Trustee to replace the Prior Trustee, and Trustee is willing to accept appointment as successor Trustee of the Trust under the terms of the Trust Agreement as amended herein;

WHEREAS, Company has adopted the nonqualified deferred compensation plans (hereinafter referred to as the "Plans") as listed in Appendix A;

WHEREAS, Company has incurred or expects to incur liability under the terms of such Plans with respect to the individuals participating in such Plans;

WHEREAS, Company has established this Trust to contribute to the Trust assets that are held herein, subject to the claims of Company's creditors in the event of Company's Insolvency, as herein defined, for the purposes of paying benefits to Plan participants and their beneficiaries in such manner and at such times as specified in the Plans;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plans as an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended;

WHEREAS, it is the intention of Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plans;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

Section 1. Establishment of Trust

(a) Company hereby transfers to and deposits with Trustee in trust the existing Trust assets, which shall become the principal of the Trust to be held, administered and disposed of by Trustee as provided in this Trust Agreement.

(b) The Trust hereby established shall be irrevocable.

(c) The Trust is intended to be a grantor trust, of which Company is the grantor, within the meaning of subpart E, part I subchapter J, chapter 1, subtitle A of the Internal Revenue Code of 1986, as amended, and shall be construed accordingly.

(d) The principal of the Trust, and any earnings thereon, shall be held separate and apart from other funds of Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against Company. Any assets held by the Trust will be subject to the claims of Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.

(e) Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with Trustee to augment the principal to be held, administered and disposed of by Trustee as provided in this Trust Agreement. Neither Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

Section 2. Payments to Plan Participants and Their Beneficiaries

(a) Company shall deliver to Trustee a schedule (the "Payment Schedule") that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides a formula or other instructions acceptable to Trustee for determining the amounts so payable, the form in which such amount is to be paid (as provided for or available under the Plans), and the time of commencement for payment of such amounts. Except as otherwise provided herein, Trustee shall make payments to the Plan participants and their beneficiaries in accordance with the Payment Schedule. In accordance with the terms of its fee schedule, Trustee shall make provision for the reporting and withholding of any federal or state taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plans and shall pay amounts withheld to the appropriate taxing authorities or determine that such amounts have been reported, withheld and paid by Company.

(b) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plans shall be determined by Company or such party as it shall designate under the Plans, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plans.

(c) Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plan. Either directly or through the Recordkeeper (as defined in Section 7), Company shall notify Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to Plan participants or their beneficiaries. If Company makes payments according to this subsection, Company shall make provision for the reporting and withholding of any federal, state or local taxes that may be required to be withheld with respect to the payment of benefits pursuant to the terms of the Plan and shall pay amounts withheld to the appropriate taxing authorities. If the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plan as reflected on the Payment Schedule or as otherwise directed by Company or its designee, Company shall make the balance of each such payment as it falls due. Trustee shall notify Company where principal and earnings are not sufficient to make payments as directed.

Section 3. Trustee Responsibility Regarding Payments to Trust Beneficiary When Company is Insolvent.

(a) Trustee shall cease payment of benefits to Plan participants and their beneficiaries if Company is Insolvent. Company shall be considered “Insolvent” for purposes of this Trust Agreement if (i) Company is unable to pay its debts as they become due, or (ii) Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of Company under federal and state law as set forth below.

(1) The Board of Directors of Company (the “Board”) and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of Company’s Insolvency. If a person claiming to be a creditor of Company alleges in writing to Trustee that Company has become Insolvent, Trustee shall determine whether Company is Insolvent and, pending such determination, Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2) Unless Trustee has actual knowledge of Company’s Insolvency, or has received notice from Company or a person claiming to be a creditor alleging that Company is Insolvent, Trustee shall have no duty to inquire whether Company is Insolvent. Trustee may in all events rely on such evidence concerning Company’s solvency as may be furnished to Trustee and that provides Trustee with a reasonable basis for making a determination concerning Company’s solvency.

(3) If at any time Trustee has determined that Company is Insolvent, Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of Company’s general creditors, making only such distributions as may be directed by a court administering a preceding under the United States Bankruptcy Code. Accordingly, the Company shall not create a security interest in

the Trust assets in favor of the Participants or any creditor. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of Company with respect to benefits due under the Plans or otherwise.

(4) Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after Trustee has determined that Company is not Insolvent (or is no longer Insolvent).

(c) Provided that there are sufficient assets, if Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by Company in lieu of the payments provided for hereunder during any such period of discontinuance.

Section 4. Payments to Company.

Except as provided in Section 3 hereof, Company shall have no right or power to direct Trustee to return to Company or to divert to others any of the Trust assets before all payments of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plans; provided, however, that in the event the Trust holds Excess Assets, Company, at its option, may direct Trustee in writing to return to Company, or to divert to others, any of the Excess Assets of the Trust, and upon such direction Trustee shall return or divert such Excess Assets as directed. Any such direction shall include a certification by Company of the amount of Excess Assets then held in the Trust. Trustee may rely on such certification and shall have no obligation for otherwise verifying the amount of any Excess Assets. For this purpose, “Excess Assets” means the assets of the Trust that exceed one hundred twenty-five percent (125%) of the sum of the aggregate liabilities to Plan participants and their beneficiaries pursuant to the terms of the Plans. Additionally, Company may request reimbursement from the Trust for any amounts paid directly by Company to Plan participants pursuant to Section 2(c) hereof by providing a certification of the amounts paid and satisfactory evidence of such payments to Trustee, and upon such request Trustee shall pay such amounts to Company from the Trust. Trustee may rely on such certification and evidence and shall have no obligation for otherwise verifying payment to the Plan participants.

Section 5. Investment Authority.

(a) The Company shall, subject to this Section, direct the Trustee with respect to investments.

(1) The Company may direct the Trustee to segregate all or a portion of the Trust in a separate investment account or accounts and may appoint one or more

investment managers and/or an investment committee established by the Company to direct the investment and reinvestment of each such investment account or accounts.

(2) Thereafter the Trustee shall make every sale or investment with respect to such investment account as directed in writing by the investment manager or investment committee. It shall be the duty of the Trustee to act strictly in accordance with each direction. The Trustee shall be under no duty to question any such direction of the investment manager or investment committee, to review any securities or other property held in such investment account or accounts acquired by it pursuant to such directions or to make any recommendations to the investment managers or investment committee with respect to such securities or other property.

(3) Notwithstanding the foregoing, the Trustee, without obtaining prior approval or direction from an investment manager or investment committee, shall invest cash balances held by it from time to time in short term cash equivalents including, but not limited to, through the medium of any short term fund established and maintained by the Trustee subject to the instrument establishing such trust fund, U.S. Treasury Bills, commercial paper (including such forms of commercial paper as may be available through the Trustee's Trust Department), certificates of deposit (including certificates issued by the Trustee in its separate corporate capacity), and similar type securities, with a maturity not to exceed one year; and, furthermore, sell such short term investments as may be necessary to carry out the instructions of an investment manager or investment committee regarding more permanent type investment and directed distributions.

(b) The Company shall have, in its sole discretion, the authority and the power to direct the Trustee in investing and reinvesting the Trust:

(1) To invest and reinvest in any readily marketable common and preferred stocks (including any stock or security of the Company), bonds, notes, debentures (including convertible stocks and securities but not including any stock or security of the Trustee other than a de minimus amount held in a mutual fund), certificates of deposit or demand or time deposits (including any such deposits with the Trustee), limited partnerships or limited liability companies, private placements and shares of investment companies, and mutual funds, without being limited to the classes or property in which the Trustee is authorized to invest by any law or any rule of court of any state and without regard to the proportion any such property may bear to the entire amount of the Trust. Without limitation, the Trustee may invest the Trust in any investment company (including any investment company or companies for which Wells Fargo Bank, National Association or an affiliated company acts as the investment advisor) or, any insurance contract or contracts issued by an insurance company or companies in each case as the Trustee may determine provided that the Trustee may in its sole discretion keep such portion of the Trust in cash or cash balances for such reasonable periods as may from time to time be deemed advisable pending investment or in order to meet contemplated payments of benefits;

(2) To invest and reinvest all or any portion of the Trust collectively through the medium of any proprietary mutual fund that may be established and maintained by the Trustee;

(3) To commingle for investment purposes all or any portion of the Trust with assets of any other similar trust or trusts established by the Company with the Trustee for the purpose of safeguarding deferred compensation or retirement income benefits of its employees and/or directors;

(4) To retain any property at any time received by the Trustee;

(5) To sell or exchange any property held by it at public or private sale, for cash or on credit, to grant and exercise options for the purchase or exchange thereof, to exercise all conversion or subscription rights pertaining to any such property and to enter into any covenant or agreement to purchase any property in the future;

(6) To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan relating to property held by it and to consent to or oppose any such plan or any action thereunder or any contract, lease, mortgage, purchase, sale or other action by any person;

(7) To deposit any property held by it with any protective, reorganization or similar committee, to delegate discretionary power thereto, and to pay part of the expenses and compensation thereof for any assessments levied with respect to any such property to be deposited;

(8) To extend the time of payment of any obligation held by it;

(9) To hold uninvested any moneys received by it, without liability for interest thereon, but only in anticipation of payments due for investments, reinvestments, expenses or disbursements;

(10) To exercise any and all voting rights associated with Trust assets, give proxies, participate in any voting trusts, mergers, consolidations or liquidations, tender shares and exercise stock subscription or conversion rights;

(11) For the purposes of the Trust, to borrow money from others, to issue its promissory note or notes therefor, and to secure the repayment thereof by pledging any property held by it;

(12) To employ suitable contractors and counsel, who may be counsel to the Company or to the Trustee, and to pay their reasonable expenses and compensation from the Trust to the extent not paid by the Company;

(13) To register investments in its own name or in the name of a nominee; and to combine certificates representing securities with certificates of the same issue held by it in other fiduciary capacities or to deposit or to arrange for the deposit of such securities with any depository, even though, when so deposited, such securities may be held in the name of the nominee of such depository with other securities deposited therewith by other persons, or to deposit or to arrange for the deposit of any securities issued or guaranteed by the United States government, or any agency or instrumentality thereof, including securities evidenced by book entries rather than by certificates, with the United States Department of the Treasury or a Federal Reserve Bank, even though, when so deposited, such securities may not be held separate from securities deposited therein by other persons; provided, however, that no securities held in the Trust shall be deposited with the United States Department of the Treasury or a Federal Reserve Bank or other depository in the same account as any individual property of the Trustee, and provided, further, that the books and records of the Trustee shall at all times show that all such securities are part of the Trust;

(14) To settle, compromise or submit to arbitration any claims, debts or damages due or owing to or from the Trust, respectively, to commence or defend suits or legal proceedings to protect any interest of the Trust, and to represent the Trust in all suits or legal proceedings in any court or before any other body or tribunal; provided, however, that the Trustee shall not be required to take any such action unless it shall have been indemnified by the Company to its reasonable satisfaction against liability or expenses it might incur therefrom;

(15) To hold any other class of assets which may be contributed by the Company and that is deemed reasonable by the Trustee, unless expressly prohibited herein;

(16) To loan any securities at any time held by it to brokers or dealers upon such security as may be deemed advisable, and during the terms of any such loan to permit the loaned securities to be transferred into the name of and voted by the borrower or others; and

(17) Generally, to do all acts, whether or not expressly authorized, that the Trustee may deem necessary or desirable for the protection of the Trust.

(c) The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets (other than securities issued by the Trustee or the Company) of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(d) The Trustee shall neither be liable nor responsible for any loss resulting to the Trust by reason of any sale or purchase of an investment directed by the Company, an investment manager or investment committee nor by reason of the failure to take any action with respect to any investment which was acquired pursuant to any such direction in the absence of further directions of the Company, such investment manager or investment committee.

(1) Notwithstanding anything in this Trust Agreement to the contrary, the Trustee shall be indemnified and saved harmless by the Company from and against any and all personal liability to which the Trustee may be subjected by carrying out any directions of the Company, an investment manager or investment committee issued pursuant hereto or for failure to act in the absence of directions of the Company, investment manager or investment committee including all expenses reasonably incurred in its defense in the event the Company fails to provide such defense; provided, however, the Trustee shall not be so indemnified if it participates knowingly in, or knowingly undertakes to conceal, an act or omission of the Company, an investment manager or investment committee, having actual knowledge that such act or omission is a breach of a fiduciary duty; provided further, however, that the Trustee shall not be deemed to have knowingly participated in or knowingly undertaken to conceal an act or omission of the Company, an investment manager or investment committee with knowledge that such act or omission was a breach of fiduciary duty by merely complying with directions of the Company, an investment manager or investment committee or for failure to act in the absence of directions of the Company, an investment manager or investment committee. The Trustee may rely upon any order, certificate, notice, direction or other documentary confirmation purporting to have been issued by the Company, investment manager or investment committee which the Trustee reasonably believes to be genuine and to have been issued by the Company, investment manager or investment committee. The Trustee shall not be charged with knowledge of the termination of the appointment of any investment manager or investment committee until it receives written notice thereof from the Company.

(2) In no event shall the trustee invest in securities (including stock or rights to acquire stock) or obligation issued by Company, other than a de minimis amount held in common investment vehicles in which the Trustee invests.

(3) All rights associated with any investment held by the Trust, including but not limited to, exercising or voting of proxies, in person or by general or limited proxy, shall be in accordance with and as directed in writing by the Company or its authorized representative.

Section 6. Disposition of Income

During the term of this Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

Section 7. Accounting by Trustee

(a) The Trustee shall keep accurate records and accounts of all investments, receipts, and disbursements, and other transactions hereunder. As soon as reasonably practicable following the close of each annual accounting period of the Trust, and as soon as reasonably practicable after the resignation or removal of a Trustee has become effective, the Trustee shall file with the Company a written or electronic account setting forth all investments, receipts, disbursements, and other transactions effected by it during such year, or during the part of the year to the date the resignation or removal is effective, as the case may be, and containing a description of all securities purchased and sold, the cost or net proceeds of sale, the securities and investments held at the end of such period, and the cost of each item thereof as carried on the books of the Trustee. If the fair market value of an asset in the Fund is not available when necessary for accounting or reporting purposes, the fair value of the asset shall be determined in good faith by the Company, assuming an orderly liquidation at the time of such determination. If there is a disagreement between the Trustee and anyone as to any act or transaction reported in an accounting, the Trustee shall have the right to have its account settled by a court of competent jurisdiction. At the direction of the Company, the Trustee shall be entitled to hold and to commingle the assets of the Trust in one Fund for investment purposes and may create one or more sub-accounts.

(b) Upon the expiration of one hundred twenty (120) days from the date of filing such annual or other account, the Trustee shall be forever released and discharged from any liability or accountability to anyone with respect to the propriety of its acts or transactions shown in such account except with respect to any acts or transactions as to which the Company shall within such 120-day period file with the Trustee a written statement claiming negligence, willful misconduct or lack of good faith on the part of the Trustee. Neither Company, any participant nor any other person shall be entitled to any additional or different accounting by Trustee and Trustee shall not be compelled to file in any court any additional or different accounting. For purposes of regulations promulgated by the FDIC, Trustee's account statements shall be sufficient information concerning securities transactions effected for the Trust, provided that Company, upon written request, shall have the right to receive at no additional cost written confirmations of such securities transactions, which shall be mailed or otherwise furnished by Trustee within the timeframe required by applicable regulations.

(c) The Trustee shall retain its records relating to the Trust as long as necessary for the proper administration thereof and at least for any period required by applicable law.

Section 8. Responsibility of Trustee.

(a) Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; provided, however, that Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by Company or an investment manager duly appointed by Company which is contemplated by, and in conformity with, the terms of the Plans or this Trust and is given in writing by Company or such investment manager. In the event of a dispute between Company and a third party, Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) If Trustee undertakes or defends any litigation arising in connection with this Trust in the name of or on behalf of the Trust, Company agrees to indemnify Trustee against Trustee's costs, expenses and liabilities (including, without limitation, reasonable attorneys' fees and expenses) relating thereto and to be primarily liable for such payments, except to the extent the litigation is the result of Trustee's action or inaction for which it is not entitled to indemnification pursuant to Section 9. If Company does not pay such costs, expenses and liabilities in a reasonably timely manner, Trustee may obtain payment from the Trust. In no event shall Trustee have any liability or responsibility to undertake, defend or continue any litigation in the name of or on behalf of the Trust unless payment of related fees and expenses is ensured to the reasonable satisfaction of Trustee.

(c) Trustee, at the expense of the Trust or Company, may consult with legal counsel (who may also be counsel for Company generally) with respect to any of its duties or obligations hereunder.

(d) Trustee, at the expense of the Trust or Company, may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if an insurance policy is held as an asset of the Trust, Trustee shall have no power to name a beneficiary of the policy other than the Trust, to assign the policy (as distinct from conversion of the policy to a different form) other than to a successor Trustee, or to loan to any person the proceeds of any borrowing against such policy.

(f) However, notwithstanding the provisions of Section 8(e) above, Trustee may loan to Company the proceeds of any borrowing against an insurance policy held as an asset of the Trust.

(g) Notwithstanding any powers granted to Trustee pursuant to this Trust Agreement or to applicable law, Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Internal Revenue Code.

(h) Trustee shall have no responsibility or liability respect to: (i) the truth or accuracy of any representation or warranty made in any application or related document provided to the insurer in connection with the issuance or renewal of any insurance policies or insurance contracts, including any representation that the person on whose life an application is being made is eligible to have a contract issued on his or her life; (ii) the selection or monitoring (ongoing or periodic) of any insurance policies or insurance contracts held in the Trust or the insurers issuing such policies or contracts; (iii) the payment of premiums with respect to such policies or contracts; or (iv) the exercise of any rights relating to any such policies or contracts except as directed in writing by Company.

(i) Trustee shall have no duty or responsibility not expressly set forth in this Trust Agreement. By way of example, but without limiting the matters subject to the foregoing sentence, Trustee shall have no responsibility with respect to the administration or interpretation of the Plan, payment of Plan benefits other than from the assets of the Trust, (if agreed to pursuant to the fee schedule) the withholding, remitting, or reporting to taxing authorities of taxes other than from payments made with Trust assets to Plan participants and other than as directed by Company, or maintaining participant records with respect to the Plan.

Section 9. Compensation and Expenses of Trustee.

(a) Company shall pay all administrative and Trustee's fees and expenses. If not so paid in a timely manner, Trustee shall be entitled to deduct such fees and expenses from the Trust.

(b) To the extent permitted by applicable law, Company shall indemnify and hold Trustee harmless from and against any and all losses, costs, damages and expenses (including attorney's fees and disbursements) of any kind or nature (collectively, "Losses") imposed on or incurred by Trustee by reason of its service pursuant to this Trust Agreement, including any Losses arising out of any threatened, pending or completed claim, action, suit or proceeding, except to the extent such Losses are caused by the gross negligence, willful misconduct, or bad faith of Trustee. To the extent not paid by Company, Trustee shall be entitled to deduct such amounts from the Trust.

(c) The provisions of Section 9(b) shall survive termination of this Trust Agreement.

Section 10. Resignation and Removal of Trustee.

(a) Trustee may resign at any time by written notice to Company, which shall be effective thirty (30) days after receipt of such notice unless Company and Trustee agree otherwise.

(b) Trustee may be removed by Company on thirty (30) days notice or upon shorter notice accepted by Trustee.

(c) Upon resignation or removal of Trustee and appointment of a successor Trustee, all assets shall subsequently be transferred to the successor Trustee. To the extent possible, the transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless Company extends the time limit.

(d) If Trustee resigns or is removed, a successor Trustee shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under this section. If no such appointment has been made, Trustee may apply to a court of competent jurisdiction for appointment of a successor or for instructions. All expenses of Trustee in connection with the proceeding shall be allowed as administrative expenses of the Trust.

Section 11. Appointment of Successor.

(a) If Trustee resigns or is removed in accordance with Section 10, other than within two (2) years following a Change in Control (as defined below), Company may appoint any third party, including any individual, bank trust department or other party that may be granted corporate trustee powers under state law, as a successor to replace Trustee upon resignation or removal.

(b) If Trustee resigns or is removed in accordance with Section 10 within two (2) years following a Change in Control (as defined below), the three (3) Plan participants with the largest Plan accounts (aggregated among all of the Plans) shall select a successor Trustee by majority vote, which successor Trustee shall be a bank trust department or other corporate entity that has been granted corporate trustee powers under applicable state law. Company shall be responsible for communicating with and securing such vote from such participants and shall provide satisfactory evidence of the same to Trustee.

(c) The appointment of a successor Trustee shall be effective when accepted in writing by the new Trustee. The new Trustee shall have all of the rights and powers of the former Trustee, including ownership rights in the Trust assets. The former Trustee shall execute any instrument(s) necessary or reasonably requested by Company or the successor Trustee to evidence the transfer.

(d) A successor Trustee need not examine the records and acts of any prior Trustee and may retain or dispose of existing Trust assets, subject to Sections 5, 7 and 8 hereof. The successor Trustee shall not be responsible for, and Company shall indemnify and defend the successor Trustee from, any claim or liability resulting from any action or inaction of any prior Trustee or from any other past event, or any condition existing at the time it becomes successor Trustee.

Section 12. Amendment or Termination.

(a) This Trust Agreement may be amended by a written instrument executed by Trustee and Company**.** Notwithstanding the foregoing, no such amendment shall conflict with the terms of the Plans or shall make the Trust revocable.

(b) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans; provided that Company may terminate this Trust prior to such date upon written approval of all participants and beneficiaries with Plan accounts. Upon termination of the Trust any assets remaining in the Trust shall be returned to Company.

Section 13. Miscellaneous.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process.

(c) This Trust Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

(d) Trustee represents that it qualifies for FDIC prorata worth pass-through insurance coverage in accordance with the standards set forth in applicable federal law and FDIC insurance regulations. If Trustee fails at any time in the future to so qualify for prorata worth pass-through insurance coverage, it will promptly notify Company in the event that such disqualification would affect the Trust account.

(e) In no event will Trustee have any obligation to provide, and in no event will Trustee provide, any legal, tax, accounting, audit or other advice to Company with respect to the Plans or this Trust. Company acknowledges that it will rely exclusively on the advice of its accountants and/or attorneys with respect to all legal, tax, accounting, audit and other advice required or desired by Company with respect to the Plans and this Trust. Company acknowledges that Trustee has not made any representations of any kind, and will not make any representations of any kind, concerning the legal, tax, accounting, audit or other treatment of the Plans or this Trust.

(f) Company acknowledges that Trustee is not an advisor concerning or a promoter with respect to the Plan or the Trust, but merely is a service provider offering the Trust services expressly set forth in this Trust Agreement. In particular, Company acknowledges that Trustee is not a joint venture or partner with Company’s accountants, auditors, consultants or with any other party, with respect to the Plan or this Trust, and that Trustee and Company’s accountants, auditors and consultants at all times remain independent parties dealing at arm’s length, and independently, with each other and with Company.

(g) Trustee shall have no liability for any losses arising out of delays in performing the services which it renders under this Trust Agreement which result from events beyond its control, including without limitation, interruption of the business of Trustee due to acts of God, acts of governmental authority, acts of war, riots, civil commotions, insurrections, labor difficulties (including, but not limited to, strikes and other work slippages due to slow-downs), or any action of any courier or utility, mechanical or other malfunction, or electronic interruption.

(h) For purposes of this Trust Agreement, Change in Control shall mean the first occurrence of any of the following events on or after January 1, 2013:

(i) the acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (such individual, entity, or group, a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of stock possessing 33% or more of the combined voting power of the then-outstanding voting securities of Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that, for purposes of this definition, the following acquisitions shall not constitute a Change in Control; (A) any acquisition directly from Company or any affiliate or successor of Company, (B) any acquisition by Company or any affiliate or successor of Company, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Company or any affiliate or successor of Company, or (D) any acquisition by a Person having beneficial ownership of more than 50% of the Outstanding Company Voting Securities prior to the acquisition;

(ii) individuals who, as of any date (the "Initial Date") on or after the January 1, 2013, constitute the Board (the "Incumbent Board") cease for any reason, at any time within 12 months following the Initial Date, to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Initial Date whose election, or nomination for election by the stockholders of Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board;

(iii) consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving Company or any of its subsidiaries, or the acquisition of assets or stock of another entity by Company or any of its subsidiaries (each, a "Business Combination"), in each case if, following such Business Combination, any Person (excluding any entity resulting from such Business Combination or a parent of any such entity or any employee benefit plan (or related trust) of Company or such entity resulting from such Business Combination or parent of any such entity) beneficially owns, directly or indirectly, more than 50% of, respectively, the then-outstanding shares of stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 50% existed prior to the Business Combination; or

(iv) consummation of a sale or other disposition of all or substantially all of the assets of Company (an "Asset Transfer"), other than a transfer to (A) one or more of the beneficial owners (immediately before the Asset Transfer) of the then-outstanding shares of stock of Company ("Outstanding Company Stock") in exchange for or with respect to such Outstanding Company Stock of such beneficial owners, or (B) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by Company, or (C) a Person that owns, directly or indirectly, 50% or more of the total value or voting power of the Outstanding Company Stock, or (D) an entity, 50% or more of the total value or voting power of which is owned, directly or indirectly, by a Person described in the preceding clause (C).

Each event comprising a Change in Control is intended to constitute a “change in ownership,” a “change in effective control” or a “change in the ownership of a substantial portion of the assets” of Company as such terms are defined for purposes of Section 409A of the Code and such definition of “Change in Control” as used herein shall be interpreted consistently therewith.

(i) The Board as constituted immediately prior to the consummation of a Change in Control and the Chief Executive Officer of Company shall have the duty to inform Trustee in writing of the occurrence of a Change in Control. Trustee may rely exclusively on this writing and shall have no duty to inquire whether a Change in Control has taken place or to make any determination as to whether a Change in Control has occurred.

(j) Any business entity into which Trustee may be merged or converted or with which it may be consolidated, or any entity resulting from any merger, conversion or consolidation to which Trustee shall be a party, or any entity succeeding to or receiving by assignment all or substantially all of the corporate trust business of Trustee, shall be the successor of Trustee hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto.

(k) Company represents and warrants that the Plan and the administration thereof comply with applicable law and shall continue to be in compliance therewith.

(l) If a provision of this Trust Agreement requires that a communication or document be provided to the Trustee in writing or written form, that requirement may also be satisfied by a facsimile transmission, electronic mail or other electronic transmission of text (including electronic records attached thereto), if the Trustee reasonably believes such communication or document has been signed, sent or presented (as applicable) by any person or entity authorized to act on behalf of the Company. Any electronic mail or other electronic transmission of text will be deemed signed by the sender if the sender’s name or electronic address appears as part of, or is transmitted with, the electronic record. The Trustee will not incur any liability to anyone resulting from actions taken in good faith reliance on such communication or document. Nor shall the Trustee incur any liability in executing instructions from any person or entity authorized to act on behalf of the Company prior to receipt by it of notice of the revocation of the written authority of such person or entity.

Section 14. Confidentiality.

This Trust Agreement and certain information relating to the Trust is "Confidential Information" pursuant to applicable federal and state law, and as such it shall be maintained in confidence and not disclosed, used or duplicated, except as described in this Section. If it is necessary for the Trustee to disclose Confidential Information to a third party in order to perform the Trustee's duties hereunder and the Company has authorized the Trustee to do so, the Trustee shall disclose only such Confidential Information as is necessary for such third party to perform its obligations to the Trustee and shall, before such disclosure is made, ensure that said third party understands and agrees to the confidentiality obligations set forth herein. The Trustee and the Company shall maintain appropriate information security programs and adequate administrative and physical safeguards to prevent the unauthorized disclosure, misuse, alteration or destruction of Confidential Information, and shall inform the other party as soon as possible of any security breach or other incident involving possible unauthorized disclosure of or access to Confidential Information. Confidential Information shall be returned to the disclosing party upon request. Confidential Information does not include information that is generally known or available to the public or that is not treated as confidential by the disclosing party, provided, however, that this exception shall not apply to any publicly available information to the extent that the disclosure or sharing of the information by one or both parties is subject to any limitation, restriction, consent, or notification requirement under any applicable federal or state information privacy law or regulation. If the receiving party is required by law, according to the advice of competent counsel, to disclose Confidential Information, the receiving party may do so without breaching this Section, but shall first, if feasible and legally permissible, provide the disclosing party with prompt notice of such pending disclosure so that the disclosing party may seek a protective order or other appropriate remedy or waive compliance with the provisions of this Section.

15. Covenants Regarding Successor Trustee.

(a) In consideration of the agreement herein of successor Trustee to become Trustee of the Trust, Company understands and agrees the successor Trustee shall have no obligation, duty or liability with respect to any period of time prior to its becoming successor Trustee;

(i) to determine whether any claims, losses or damages exist with respect to the Trust, or

(ii) to pursue or take any action with respect to any claims, losses or damages which exist with respect to the Trust, or

(iii) to review the performance by or acts of the Prior Trustee or to determine whether a breach of Trust exists with respect to the Trust or has been committed by the Prior Trustee, or

(iv) to remedy any breach of Trust which exists with respect to the Trust as of the Effective Date, or

(v) to compel the Prior Trustee to deliver the Trust corpus to it.

(b) The Company further agrees to indemnify and hold harmless the successor Trustee from any claims, losses or damages (including, but not limited to, costs, expenses and legal fees):

(i) which exists as of the Effective Date with respect to the Trust;

(ii) which arise out of or in connection with:

(1) acts or omissions of the Prior Trustee, or any actions taken prior to the Effective Date with respect to the Trust;

(2) failure of successor Trustee to determine whether any claims, losses or damages exist with respect to the Trust or arise out of or in connection with any acts or omissions which occurred prior to the date hereof with respect to the Trust;

(3) failure of successor Trustee to determine whether a breach of trust exists with respect to the Trust or has been committed by the Prior Trustee; and

(4) failure of the successor Trustee to compel the Prior Trustee to deliver Trust property to it.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Company and Trustee have caused this Trust Agreement to be executed by their respective duly authorized officers, as of the day and year first above written.

THE MACERICH COMPANY

By: /s/ Ann C. Menard
Name: Ann C. Menard
Title: Executive Vice President, Chief Legal Officer

Address: 401 Wilshire Blvd., Suite 7000
Santa Monica, CA 90401
Attn: Chief Legal Officer

Telephone: 310-394-6000

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Andrew J. Franck
Name: Andrew J. Franck
Vice President

Address: 401 S. Tryon Street
MAC D1050-140
Charlotte, NC 28202

Telephone: 704-715-4675

[Signature page to Amended and Restated Trust Agreement]

APPENDIX A

to AMENDED AND RESTATED TRUST AGREEMENT

Deferred Compensation Plans:

The Macerich Company 2013 Deferred Compensation Plan for Executives

The Macerich Company 2005 Deferred Compensation Plan for Executives, as amended

The Macerich Company 2005 Deferred Compensation Plan for Senior Executives, as amended

The Macerich Company Deferred Compensation Plan for Executives (As Amended and Restated Effective as of January 1, 2003), as amended

The Macerich Company Deferred Compensation Plan for Senior Executives (As Amended and Restated Effective as of January 1, 2003), as amended

Exhibit 10.2

SECOND AMENDMENT TO
AMENDED AND RESTATED
THE MACERICH COMPANY
EMPLOYEE STOCK PURCHASE PLAN

WHEREAS, The Macerich Company (the "Company") has established and maintains The Macerich Company Employee Stock Purchase Plan originally, originally effective April 1, 2003, amended and restated effective June 1, 2013, and again amended effective October 23, 2014 (the "Plan");

WHEREAS, Section 19(d) of the Plan provides for the amendment of the Plan by the Board of Directors (the "Board");

NOW, THEREFORE, the Plan is hereby amended effective July 25, 2019 as follows:

Section 2 is hereby amended to replace the definition of "Eligible Employee" in its entirety with the following:

"Eligible Employee" means, any employee of the Corporation or of any Participating Subsidiary. Notwithstanding the foregoing, "Eligible Employee" shall not include any employee:

(a) who has been employed by the Corporation or a Subsidiary for less than forty-five (45) days;

(b) is providing part-time services and has been employed by the Corporation or a Subsidiary for less than one year; or

(c) is providing part-time services and whose customary employment is for 19.23 hours or less per week (which is the equivalent of 1,000 hours or less on an annualized basis).

For purposes of the forty-five day employment requirement in (a), employment by a corporation, partnership, limited liability company or other entity prior to the acquisition of such entity by the Corporation or a Subsidiary shall be considered as employment with the Corporation or Subsidiary, as the case may be, and employment in the management of any shopping mall or other property immediately prior to the Corporation's or a Subsidiary's acquisition of a direct or indirect interest in, or becoming the manager of, such property of any individual who becomes an employee of the Corporation or Subsidiary in connection with such event shall be counted as employment with the Corporation or Subsidiary, as the case may be, each as determined in the discretion of the Committee.

Except as amended herein, all other provisions of the Plan shall continue in full force and effect.

IN WITNESS WHEREOF, the Company has caused this Amendment to be executed by its duly authorized officers as of July 25, 2019.

THE MACERICH COMPANY:

By: /s/ Ann C. Menard
Ann C. Menard
Executive Vice President, Chief Legal Officer and Secretary

Exhibit 31.1

THE MACERICH COMPANY

SECTION 302 CERTIFICATION

I, Thomas E. O'Hern, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended June 30, 2019 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ THOMAS E. O'HERN

Chief Executive Officer

Date: August 5, 2019

Exhibit 31.2

THE MACERICH COMPANY

SECTION 302 CERTIFICATION

I, Scott W. Kingsmore, certify that:

1. I have reviewed this report on Form 10-Q for the quarter ended June 30, 2019 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ SCOTT W. KINGSMORE

Executive Vice President and Chief Financial Officer

Date: August 5, 2019

Exhibit 32.1

THE MACERICH COMPANY

WRITTEN STATEMENT

PURSUANT TO

18 U.S.C. SECTION 1350

The undersigned, Thomas E. O'Hern and Scott W. Kingsmore, the Chief Executive Officer and Chief Financial Officer, respectively, of The Macerich Company (the "Company"), pursuant to 18 U.S.C. §1350, each hereby certifies that, to the best of his knowledge:

(i) the Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 5, 2019

/s/ THOMAS E. O'HERN

Chief Executive Officer

/s/ SCOTT W. KINGSMORE

Executive Vice President and Chief Financial Officer