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 September 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 ☒ 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 November 5, 2019 of the registrant's common stock, par value $0.01 per share: 141,265,383 shares

THE MACERICH COMPANY

FORM 10-Q

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THE MACERICH COMPANY

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value)

(Unaudited)

	September 30, 2019	December 31, 2018
ASSETS:		
Property, net	$ 6,664,106	$ 6,785,776
Cash and cash equivalents	98,309	102,711
Restricted cash	8,959	46,590
Tenant and other receivables, net	129,729	123,492
Right-of-use assets, net	150,656	—
Deferred charges and other assets, net	277,799	390,403
Due from affiliates	9,627	85,181
Investments in unconsolidated joint ventures	1,436,788	1,492,655
Total assets	$ 8,775,973	$ 9,026,808
LIABILITIES AND EQUITY:		
Mortgage notes payable	$ 4,294,633	$ 4,073,916
Bank and other notes payable	749,769	908,544
Accounts payable and accrued expenses	61,348	59,392
Lease liabilities	116,683	—
Other accrued liabilities	253,882	303,051
Distributions in excess of investments in unconsolidated joint ventures	112,326	114,988
Financing arrangement obligation	279,563	378,485
Total liabilities	5,868,204	5,838,376
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 141,370,725 and 141,221,712 shares issued and outstanding at September 30, 2019 and December 31, 2018, respectively	1,413	1,412
Additional paid-in capital	4,581,551	4,567,643
Accumulated deficit	(1,864,807)	(1,614,357)
Accumulated other comprehensive loss	(10,946)	(4,466)
Total stockholders' equity	2,707,211	2,950,232
Noncontrolling interests	200,558	238,200
Total equity	2,907,769	3,188,432
Total liabilities and equity	$ 8,775,973	$ 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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Revenues:				
Leasing revenue	$ 214,260	$ 224,251	$ 636,290	$ 659,377
Other	6,889	6,895	20,054	22,010
Management Companies	9,978	11,052	29,277	32,090
Total revenues	231,127	242,198	685,621	713,477
Expenses:				
Shopping center and operating expenses	69,328	72,101	203,024	214,683
Leasing expenses	7,162	2,565	22,344	8,591
Management Companies' operating expenses	15,514	18,961	50,220	72,224
REIT general and administrative expenses	5,285	5,439	16,835	18,414
Costs related to shareholder activism	—	—	—	19,369
Depreciation and amortization	82,787	81,803	246,640	240,608
	180,076	180,869	539,063	573,889
Interest (income) expense:				
Related parties	(36,059)	1,074	(59,749)	8,481
Other	50,858	43,853	150,014	127,996
	14,799	44,927	90,265	136,477
Loss on extinguishment of debt, net	—	—	351	—
Total expenses	194,875	225,796	629,679	710,366
Equity in income of unconsolidated joint ventures	14,582	18,789	34,082	51,330
Income tax (expense) benefit	(678)	(466)	(1,703)	1,799
(Loss) gain on sale or write down of assets, net	(131)	46,516	(15,506)	(514)
Net income	50,025	81,241	72,815	55,726
Less net income attributable to noncontrolling interests	3,654	7,213	2,886	7,455
Net income attributable to the Company	$ 46,371	$ 74,028	$ 69,929	$ 48,271
Earnings per common share—attributable to common stockholders:				
Basic	$ 0.33	$ 0.52	$ 0.49	$ 0.34
Diluted	$ 0.33	$ 0.52	$ 0.49	$ 0.34
Weighted average number of common shares outstanding:				
Basic	141,368,000	141,196,000	141,325,000	141,120,000
Diluted	141,368,000	141,196,000	141,325,000	141,125,000

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

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Dollars in thousands, except per share amounts)

(Unaudited)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income	50,025	81,241	$ 72,815	$ 55,726
Other comprehensive income:				
Interest rate cap/swap agreements	(154)	175	(6,480)	184
Comprehensive income	49,871	81,416	66,335	55,910
Less net income attributable to noncontrolling interests	3,654	7,213	2,886	7,455
Comprehensive income attributable to the Company	$ 46,217	$ 74,203	$ 63,449	$ 48,455

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 September 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 July 1, 2019	141,364,568	$ 1,413	$ 4,578,620	$ (1,805,097)	$ (10,792)	$ 2,764,144	$ 205,226	$ 2,969,370
Net income	—	—	—	46,371	—	46,371	3,654	50,025
Interest rate cap/swap agreements	—	—	—	—	(154)	(154)	—	(154)
Amortization of share and unit-based plans	6,157	—	3,315	—	—	3,315	—	3,315
Distributions declared ($0.75 per share)	—	—	—	(106,081)	—	(106,081)	—	(106,081)
Distributions to noncontrolling interests	—	—	—	—	—	—	(8,742)	(8,742)
Contributions from noncontrolling interests	—	—	—	—	—	—	50	50
Redemption of noncontrolling interests	—	—	(6)	—	—	(6)	(8)	(14)
Adjustment of noncontrolling interests in Operating Partnership	—	—	(378)	—	—	(378)	378	—
Balance at September 30, 2019	141,370,725	$ 1,413	$ 4,581,551	$ (1,864,807)	$ (10,946)	$ 2,707,211	$ 200,558	$ 2,907,769

	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 July 1, 2018	141,184,335	$ 1,412	$ 4,558,873	$ (1,489,742)	$ (33)	$ 3,070,510	$ 244,665	$ 3,315,175
Net income	—	—	—	74,028	—	74,028	7,213	81,241
Interest rate cap	—	—	—	—	175	175	—	175
Amortization of share and unit-based plans	3,517	—	4,616	—	—	4,616	—	4,616
Distributions declared ($0.74 per share)	—	—	—	(104,495)	—	(104,495)	—	(104,495)
Distributions to noncontrolling interests	—	—	—	—	—	—	(8,203)	(8,203)
Contributions from noncontrolling interests	—	—	—	—	—	—	16	16
Conversion of noncontrolling interests to common shares	12,008	—	—	—	—	—	—	—
Redemption of noncontrolling interests	—	—	(402)	—	—	(402)	(194)	(596)
Adjustment of noncontrolling interests in Operating Partnership	—	—	16	—	—	16	(16)	—
Balance at September 30, 2018	141,199,860	$ 1,412	$ 4,563,103	$ (1,520,209)	$ 142	$ 3,044,448	$ 243,481	$ 3,287,929

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)

Nine Months Ended September 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	—	—	—	69,929	—	69,929	2,886	72,815
Cumulative effect of adoption of ASC 842	—	—	—	(2,203)	—	(2,203)	—	(2,203)
Interest rate cap/swap agreements	—	—	—	—	(6,480)	(6,480)	—	(6,480)
Amortization of share and unit-based plans	101,213	1	13,352	—	—	13,353	—	13,353
Employee stock purchases	26,800	—	819	—	—	819	—	819
Distributions declared ($2.25 per share)	—	—	—	(318,176)	—	(318,176)	—	(318,176)
Distributions to noncontrolling interests	—	—	—	—	—	—	(41,200)	(41,200)
Contributions from noncontrolling interests	—	—	—	—	—	—	460	460
Conversion of noncontrolling interests to common shares	21,000	—	1,005	—	—	1,005	(1,005)	—
Redemption of noncontrolling interests	—	—	(26)	—	—	(26)	(25)	(51)
Adjustment of noncontrolling interests in Operating Partnership	—	—	(1,242)	—	—	(1,242)	1,242	—
Balance at September 30, 2019	141,370,725	$ 1,413	$ 4,581,551	$ (1,864,807)	$ (10,946)	$ 2,707,211	$ 200,558	$ 2,907,769

	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 income	—	—	—	48,271	—	48,271	7,455	55,726
Cumulative effect of adoption of ASU 2014-09	—	—	—	(424,859)	—	(424,859)	—	(424,859)
Interest rate cap	—	—	—	—	184	184	—	184
Amortization of share and unit-based plans	121,924	1	28,218	—	—	28,219	—	28,219
Employee stock purchases	17,240	—	806	—	—	806	—	806
Distributions declared ($2.22 per share)	—	—	—	(313,342)	—	(313,342)	—	(313,342)
Distributions to noncontrolling interests	—	—	—	—	—	—	(26,101)	(26,101)
Contributions from noncontrolling interests	—	—	—	—	—	—	16	16
Conversion of noncontrolling interests to common shares	66,711	1	74	—	—	75	(75)	—
Redemption of noncontrolling interests	—	—	(486)	—	—	(486)	(233)	(719)
Adjustment of noncontrolling interests in Operating Partnership	—	—	24,002	—	—	24,002	(24,002)	—
Balance at September 30, 2018	141,199,860	$ 1,412	$ 4,563,103	$ (1,520,209)	$ 142	$ 3,044,448	$ 243,481	$ 3,287,929

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 Nine Months Ended September 30,	
	2019	**2018**
Cash flows from operating activities:		
Net income	$ 72,815	$ 55,726
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on extinguishment of debt, net	351	—
Loss on sale or write down of assets, net	15,506	514
Depreciation and amortization	251,946	246,038
Amortization of premium on mortgage notes payable	(696)	(696)
Amortization of share and unit-based plans	9,755	22,644
Straight-line rent and amortization of above and below market leases	(12,447)	(11,424)
Provision for doubtful accounts	6,767	3,787
Income tax expense (benefit)	1,703	(1,799)
Equity in income of unconsolidated joint ventures	(34,082)	(51,330)
Distributions of income from unconsolidated joint ventures	844	1,664
Change in fair value of financing arrangement obligation	(70,977)	(9,279)
Changes in assets and liabilities, net of dispositions:		
Tenant and other receivables	4,683	2,579
Other assets	3,942	7,143
Due from affiliates	10,424	(5,508)
Accounts payable and accrued expenses	13,105	6,692
Other accrued liabilities	(1,662)	(19,590)
Net cash provided by operating activities	271,977	247,161
Cash flows from investing activities:		
Development, redevelopment, expansion and renovation of properties	(104,905)	(133,325)
Property improvements	(21,114)	(32,858)
Proceeds from repayment of notes receivable	65,791	829
Deferred leasing costs	(10,885)	(23,792)
Distributions from unconsolidated joint ventures	235,811	541,336
Contributions to unconsolidated joint ventures	(149,368)	(179,060)
Proceeds from sale of assets	1,245	83,029
Net cash provided by investing activities	16,575	256,159

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Dollars in thousands)
(Unaudited)

	For the Nine Months Ended September 30,	
	2019	**2018**
Cash flows from financing activities:		
Proceeds from mortgages, bank and other notes payable	1,076,000	295,000
Payments on mortgages, bank and other notes payable	(1,016,099)	(457,710)
Payment on finance arrangement obligation	(27,945)	—
Deferred financing costs	(2,921)	(275)
Payments on finance leases	(1,472)	—
Proceeds from share and unit-based plans	819	806
Redemption of noncontrolling interests	(51)	(719)
Contribution from noncontrolling interests	460	16
Dividends and distributions	(359,376)	(339,443)
Net cash used in financing activities	(330,585)	(502,325)
Net (decrease) increase in cash, cash equivalents and restricted cash	(42,033)	995
Cash, cash equivalents and restricted cash, beginning of period	149,301	143,105
Cash, cash equivalents and restricted cash, end of period	$ 107,268	$ 144,100
Supplemental cash flow information:		
Cash payments for interest, net of amounts capitalized	$ 156,700	$ 142,680
Non-cash investing and financing transactions:		
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	$ 43,348	$ 48,827
Mortgage notes payable assumed in exchange for investments in unconsolidated joint ventures	$ —	$ 139,249
Disposition of property in exchange for investments in unconsolidated joint ventures	$ —	$ 36,305
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 September 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:

	September 30, 2019	December 31, 2018
Assets:		
Property, net	$ 254,866	$ 263,511
Other assets	23,274	23,001
Total assets	$ 278,140	$ 286,512
Liabilities:		
Mortgage notes payable	$ 222,085	$ 125,273
Other liabilities	36,779	32,503
Total liabilities	$ 258,864	$ 157,776

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

THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

(Unaudited)

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 Nine Months Ended September 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	$ 98,309	$ 93,479
Restricted cash	8,959	50,621
Cash, cash equivalents and restricted cash	$ 107,268	$ 144,100

Shareholder Activism Costs:

During the nine months ended September 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 expenses that were included in management companies' operating expenses to leasing expenses for the three and nine months ended September 30, 2018, to conform to the presentation for the three and nine months ended September 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

2. Summary of Significant Accounting Policies: (Continued)

reclassified minimum rents, percentage rents, tenant recoveries and other leasing income to leasing revenue for the three and nine months ended September 30, 2018, to conform to the presentation for the three and nine months ended September 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 nine months ended September 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 nine months ended September 30, 2019 and 2018 (shares in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Numerator				
Net income	$ 50,025	$ 81,241	$ 72,815	$ 55,726
Less net income attributable to noncontrolling interests	3,654	7,213	2,886	7,455
Net income attributable to the Company	46,371	74,028	69,929	48,271
Allocation of earnings to participating securities	(297)	(278)	(869)	(824)
Numerator for basic and diluted EPS—net income attributable to common stockholders	$ 46,074	$ 73,750	$ 69,060	$ 47,447
Denominator				
Denominator for basic EPS—weighted average number of common shares outstanding	141,368	141,196	141,325	141,120
Effect of dilutive securities(1):				
Share and unit-based compensation plans	—	—	—	5
Denominator for diluted EPS—weighted average number of common shares outstanding	141,368	141,196	141,325	141,125
EPS—net income attributable to common stockholders:				
Basic	$ 0.33	$ 0.52	$ 0.49	$ 0.34
Diluted	$ 0.33	$ 0.52	$ 0.49	$ 0.34

(1) Diluted EPS excludes 90,619 convertible preferred partnership units for the three and nine months ended September 30, 2019 and 2018, as their impact was antidilutive. Diluted EPS also excludes 10,415,238 and 10,377,936 Operating Partnership units ("OP Units") for the three months ended September 30, 2019 and 2018, respectively, and 10,415,234 and 10,355,946 OP Units for the nine months ended September 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.

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%. Concurrent with the amendment, the joint venture borrowed an additional $26,000. On August 16, 2019, the joint venture borrowed an additional $25,000. The Company used its share of the additional proceeds to pay down its line of credit and for general corporate purposes.

On September 12, 2019, the Company’s joint venture in Tysons Tower placed a new $190,000 loan on the property that bears interest at an effective rate of 3.38% and matures on October 11, 2029. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

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

Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures:

	September 30, 2019	December 31, 2018
Assets(1):		
Property, net	$ 9,359,938	$ 9,241,003
Other assets	807,237	703,861
Total assets	$ 10,167,175	$ 9,944,864
Liabilities and partners' capital(1):		
Mortgage and other notes payable	$ 6,261,409	$ 6,050,930
Other liabilities	538,155	388,509
Company's capital	1,828,638	1,913,475
Outside partners' capital	1,538,973	1,591,950
Total liabilities and partners' capital	$ 10,167,175	$ 9,944,864
Investments in unconsolidated joint ventures:		
Company's capital	$ 1,828,638	$ 1,913,475
Basis adjustment(2)	(504,176)	(535,808)
	$ 1,324,462	$ 1,377,667
Assets—Investments in unconsolidated joint ventures	$ 1,436,788	$ 1,492,655
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	(112,326)	(114,988)
	$ 1,324,462	$ 1,377,667

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(1) These amounts include assets of $2,981,866 and $3,047,851 of Pacific Premier Retail LLC (the "PPR Portfolio") as of September 30, 2019 and December 31, 2018, respectively, and liabilities of $1,836,948 and $1,859,637 of the PPR Portfolio as of September 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 $5,354 and $1,160 for the three months ended September 30, 2019 and 2018, respectively, and $15,164 and $8,787 for the nine months ended September 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 September 30, 2019			
Revenues:			
Leasing revenue	$ 46,308	$ 169,132	$ 215,440
Other	668	15,648	16,316
Total revenues	46,976	184,780	231,756
Expenses:			
Shopping center and operating expenses	9,289	58,658	67,947
Leasing expenses	407	1,750	2,157
Interest expense	16,926	36,021	52,947
Depreciation and amortization	25,260	63,683	88,943
Total operating expenses	51,882	160,112	211,994
Gain on sale or write down of assets, net	5	—	5
Net (loss) income	$ (4,901)	$ 24,668	$ 19,767
Company's equity in net (loss) income	$ (409)	$ 14,991	$ 14,582
Three Months Ended September 30, 2018			
Revenues:			
Leasing revenue	$ 46,859	$ 176,990	$ 223,849
Other	27	11,767	11,794
Total revenues	46,886	188,757	235,643
Expenses:			
Shopping center and operating expenses	9,893	61,528	71,421
Interest expense(1)	16,680	37,968	54,648
Depreciation and amortization	24,582	61,323	85,905
Total operating expenses	51,155	160,819	211,974
(Loss) gain on sale or write down of assets, net	(47)	12,622	12,575
Net (loss) income	$ (4,316)	$ 40,560	$ 36,244
Company's equity in net (loss) income	$ (148)	$ 18,937	$ 18,789

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)

	PPR Portfolio	Other Joint Ventures	Total
Nine Months Ended September 30, 2019			
Revenues:			
Leasing revenue	$ 137,674	$ 514,929	$ 652,603
Other	1,285	40,809	42,094
Total revenues	138,959	555,738	694,697
Expenses:			
Shopping center and operating expenses	27,431	177,373	204,804
Leasing expenses	1,247	5,112	6,359
Interest expense	50,920	110,614	161,534
Depreciation and amortization	75,506	205,016	280,522
Total operating expenses	155,104	498,115	653,219
Loss on sale or write down of assets, net	(400)	(280)	(680)
Net (loss) income	$ (16,545)	$ 57,343	$ 40,798
Company's equity in net (loss) income	$ (2,139)	$ 36,221	$ 34,082
Nine Months Ended September 30, 2018			
Revenues:			
Leasing revenue	$ 137,641	$ 533,041	$ 670,682
Other	627	31,917	32,544
Total revenues	138,268	564,958	703,226
Expenses:			
Shopping center and operating expenses	29,091	183,174	212,265
Interest expense(1)	50,176	108,356	158,532
Depreciation and amortization	73,137	184,708	257,845
Total operating expenses	152,404	476,238	628,642
(Loss) gain on sale or write down of assets, net	(47)	14,151	14,104
Net (loss) income	$ (14,183)	$ 102,871	$ 88,688
Company's equity in net (loss) income	$ (1,021)	$ 52,351	$ 51,330

(1) Interest expense includes $7,148 and $19,264 for the three and nine months ended September 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.

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 $(154) and $175 for the three months ended September 30, 2019 and 2018, respectively, and $(6,480) and $184 for the nine months ended September 30, 2019 and 2018, respectively.

The following derivatives were outstanding at September 30, 2019:

					Fair Value	
Property	Notional Amount	Product	LIBOR Rate	Maturity	September 30, 2019	December 31, 2018
Santa Monica Place	$ 300,000	Cap	4.00 %	12/9/2020	$ —	$ (53)
The Macerich Partnership, L.P.	$ 400,000	Swaps	2.85 %	9/30/2021	$ (10,946)	$ (4,413)

The above derivative instruments were designated as hedging instruments with an aggregate fair value (Level 2 measurement) and were included in 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:

	September 30, 2019	December 31, 2018
Land	$ 1,508,445	$ 1,506,678
Buildings and improvements	6,315,465	6,288,308
Tenant improvements	708,230	678,110
Equipment and furnishings(1)	214,065	206,398
Construction in progress	204,172	199,326
	8,950,377	8,878,820
Less accumulated depreciation(1)	(2,286,271)	(2,093,044)
	$ 6,664,106	$ 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 September 30, 2019 (See Note 8—Leases).

Depreciation expense was $72,519 and $69,237 for the three months ended September 30, 2019 and 2018, respectively, and $214,689 and $204,031 for the nine months ended September 30, 2019 and 2018, respectively.

6. Property, net: (Continued)

The (loss) gain on sale or write down of assets, net for the three and nine months ended September 30, 2019 and 2018 consist of the following:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Property sales(1)	$ —	$ 46,242	$ —	$ 45,931
Write-down of assets(2)	(212)	(1,786)	(16,121)	(50,578)
Land sales	81	2,060	615	4,133
	$ (131)	$ 46,516	$ (15,506)	$ (514)

(1) Gain on sale of properties during the three and nine months ended September 30, 2018 includes a gain of $46,242 on the sale of a 75% ownership interest in One Westside (See Note 4—Investments in Unconsolidated Joint Ventures). Gain on sale of properties during the nine months ended September 30, 2018 also includes the loss of $311 on the sale of Promenade at Casa Grande (See Note 16—Dispositions).

(2) Includes impairment losses of $36,338 on SouthPark Mall, $7,494 on two freestanding stores, $1,695 on Southridge Center and $1,043 on Promenade at Casa Grande during the nine months ended September 30, 2018. The impairment losses were due to the reduction of the estimated holding periods of the properties. The remaining balances represent the write off of development costs.

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 nine months ended September 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)
September 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 $4,634 and $2,919 at September 30, 2019 and December 31, 2018, respectively. Also included in tenant and other receivables, net are accrued percentage rents of $1,948 and $8,949 at September 30, 2019 and December 31, 2018, respectively, and a deferred rent receivable due to straight-line rent adjustments of $78,783 and $72,456 at September 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.

8. Leases: (Continued)

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Leasing revenue - fixed payments	$ 159,356	$ 164,351	$ 482,194	$ 494,096
Leasing revenue - variable payments	54,904	59,900	154,096	165,281
	$ 214,260	$ 224,251	$ 636,290	$ 659,377

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

Twelve months ending September 30,	
2020	$ 490,897
2021	414,722
2022	363,264
2023	313,166
2024	255,316
Thereafter	753,888
	$ 2,591,253

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 four finance leases that expire at various times through 2022.

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

	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2019
Operating lease costs	$ 3,466	$ 12,675
Finance lease costs:		
Amortization of ROU assets	475	1,407
Interest on lease liabilities	145	453
	$ 4,086	$ 14,535

8. Leases: (Continued)

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

	September 30, 2019		December 31, 2018	
Year ending	Operating Leases	Finance Leases	Operating Leases	Finance Leases
2019	$ 4,521	$ 505	$ 16,627	$ 2,106
2020	17,149	2,106	17,183	2,106
2021	17,004	10,440	17,124	10,440
2022	16,867	2,418	17,450	2,418
2023	11,055	—	11,390	—
Thereafter	140,415	—	140,562	—
Total undiscounted rental payments	207,011	15,469	$ 220,336	$ 17,070
Less imputed interest	(104,124)	(1,673)		
Total lease liabilities	$ 102,887	$ 13,796		

The Company's weighted average remaining lease term of its operating and finance leases at September 30, 2019 was 31.0 years and 1.9 years, respectively. The Company's weighted average incremental borrowing rate of its operating and finance leases at September 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:

	September 30, 2019	December 31, 2018
Leasing	$ 203,843	$ 226,885
Intangible assets:		
In-place lease values	82,777	94,966
Leasing commissions and legal costs	21,019	23,508
Above-market leases	62,679	140,889
Deferred tax assets	30,643	32,197
Deferred compensation plan assets	52,006	45,857
Other assets	51,655	75,497
	504,622	639,799
Less accumulated amortization(1)	(226,823)	(249,396)
	$ 277,799	$ 390,403

(1) Accumulated amortization includes $67,599 and $72,286 relating to in-place lease values, leasing commissions and legal costs at September 30, 2019 and December 31, 2018, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was $3,467 and $3,114 for the three months ended September 30, 2019 and 2018, respectively, and $9,991 and $10,504 for the nine months ended September 30, 2019 and 2018, respectively.

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

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

	September 30, 2019	December 31, 2018
Above-Market Leases		
Original allocated value	$ 62,679	$ 140,889
Less accumulated amortization	(36,199)	(49,847)
	$ 26,480	$ 91,042
Below-Market Leases(1)		
Original allocated value	$ 92,420	$ 108,330
Less accumulated amortization	(54,837)	(56,345)
	$ 37,583	$ 51,985

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

10. Mortgage Notes Payable:

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

Property Pledged as Collateral	Carrying Amount of Mortgage Notes(1) September 30, 2019	Carrying Amount of Mortgage Notes(1) December 31, 2018	Effective Interest Rate(2)	Monthly Debt Service(3)	Maturity Date(4)
Chandler Fashion Center(5)(6)	$ 255,086	$ 199,972	4.18 %	$ 875	2024
Danbury Fair Mall	196,616	202,158	5.53 %	1,538	2020
Fashion Outlets of Chicago(7)	299,092	199,622	4.61 %	1,145	2031
Fashion Outlets of Niagara Falls USA(8)	107,229	109,651	4.89 %	727	2020
Freehold Raceway Mall(5)	398,337	398,212	3.94 %	1,300	2029
Fresno Fashion Fair	323,609	323,460	3.67 %	971	2026
Green Acres Commons(9)	128,696	128,006	4.81 %	460	2021
Green Acres Mall	279,513	284,686	3.61 %	1,447	2021
Kings Plaza Shopping Center(10)	429,285	437,120	3.67 %	2,229	2019
Oaks, The	188,385	192,037	4.14 %	1,064	2022
Pacific View	119,003	121,362	4.08 %	668	2022
Queens Center	600,000	600,000	3.49 %	1,744	2025
Santa Monica Place(11)	297,630	297,069	3.63 %	845	2022
SanTan Village Regional Center(12)	219,057	121,585	4.34 %	788	2029
Towne Mall	20,399	20,733	4.48 %	117	2022
Tucson La Encantada	64,108	65,361	4.23 %	368	2022
Victor Valley, Mall of	114,719	114,675	4.00 %	380	2024
Vintage Faire Mall	253,869	258,207	3.55 %	1,256	2026
	$ 4,294,633	$ 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 $12,202 and $13,053 at September 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 $1,004 and $1,701 at September 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 September 30, 2019 and December 31, 2018, the total interest rate was 4.81% and 5.06%, respectively.

(10) On October 24, 2019, the Company agreed to terms with a group of lenders to replace the existing loan on the property with a new $555,000 ten-year loan that will bear interest at 3.67%. The loan is expected to close during the three months ended December 31, 2019.

10. Mortgage Notes Payable: (Continued)

(11) 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% during the period ending December 9, 2020 (See Note 5—Derivative Instruments and Hedging Activities). At September 30, 2019 and December 31, 2018, the total interest rate was 3.63% and 4.01%, respectively.

(12) 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 $2,704 and $3,751 for the three months ended September 30, 2019 and 2018, respectively, and $7,557 and $12,752 for the nine months ended September 30, 2019 and 2018, respectively.

The estimated fair value (Level 2 measurement) of mortgage notes payable at September 30, 2019 and December 31, 2018 was $4,357,015 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 September 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 September 30, 2019 and December 31, 2018, borrowings under the line of credit were $750,000 and $910,000, respectively, less unamortized deferred finance costs of $3,259 and $5,145, respectively, at a total interest rate of 4.03% and 4.20%, respectively. As of September 30, 2019 and December 31, 2018, the Company's availability under the line of credit for additional borrowings was $749,719 and $589,719, respectively, The estimated fair value (Level 2 measurement) of the line of credit at September 30, 2019 and December 31, 2018 was $759,168 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 bore interest at 5.25% and was to mature on May 30, 2021. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At September 30, 2019 and December 31, 2018, the note had a balance of $3,028 and $3,689, respectively. On October 7, 2019, the loan was paid off. The estimated fair value (Level 2 measurement) of the note at September 30, 2019 and December 31, 2018 was $3,058 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 September 30, 2019 and December 31, 2018, the Company was in compliance with all applicable financial loan covenants.

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 September 30, 2019 and December 31, 2018 was based upon a terminal capitalization rate of 5.0% and 4.8%, respectively, a discount rate of 6.0% and 5.8%, respectively, 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 nine months ended September 30, 2019 and 2018, the Company incurred interest (income) expense in connection with the financing arrangement as follows:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Distributions of the partner's share of net income	$ 1,278	$ 2,111	$ 5,157	$ 6,577
Distributions in excess of the partner's share of net income	2,118	1,754	6,071	4,803
Adjustment to fair value of financing arrangement obligation	(39,455)	(4,893)	(70,977)	(9,279)
	$ (36,059)	$ (1,028)	$ (59,749)	$ 2,101

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 $27,945 of the excess loan proceeds to its joint venture partner, which was recorded as a reduction to the financing arrangement obligation.

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 September 30, 2019 and December 31, 2018. The remaining 7% limited partnership interest as of September 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 September 30, 2019 and December 31, 2018, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was $334,845 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 nine months ended September 30, 2019 or 2018. At September 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 September 30, 2019, the Company was contingently liable for $100,814 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 September 30, 2019, the Company had $12,277 in outstanding obligations, which it believes will be settled in the next twelve months.

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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Management fees	$ 4,746	$ 4,971	$ 13,897	$ 14,366
Development and leasing fees	4,288	3,970	11,094	10,895
	$ 9,034	$ 8,941	$ 24,991	$ 25,261

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 that NML was a related party, was $2,102 and $6,380 for the three and nine months ended September 30, 2018, respectively.

Interest (income) expense from related party transactions also includes $(36,059) and $(1,028) for the three months ended September 30, 2019 and 2018, respectively, and $(59,749) and $2,101 for the nine months ended September 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 September 30, 2019 and December 31, 2018, the amounts due from the unconsolidated joint ventures was $6,599 and $6,385, respectively.

In addition, due from affiliates at September 30, 2019 and December 31, 2018 included a note receivable from RED/303 LLC ("RED") that bore interest at 5.25% and was to mature on May 30, 2021. Interest income earned on this note was $44 and $55 for the three months ended September 30, 2019 and 2018, respectively, and $138 and $172 for the nine months ended September 30, 2019 and 2018, respectively. The balance on this note was $3,028 and $3,689 at September 30, 2019 and December 31, 2018, respectively. On October 7, 2019, the note receivable was paid off. RED is considered a related party because it is a partner in a joint venture development project. The note was 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 $808 for the three months ended September 30, 2018, and $1,112 and $2,330 for the nine months ended September 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.

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 nine months ended September 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
9/1/2019	4,393	Service-based	$ 28.53	8/31/2022
9/1/2019	6,454	Market-indexed	$ 19.42	8/31/2022
	343,431			

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 fair value of the market-indexed LTIP Units (Level 3) granted on September 1, 2019 was estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk free interest rate of 1.42% and an expected volatility of 24.91%.

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	343,431	32.40	21,580	41.61	159,116	37.57
Vested	(7,654)	59.85	(12,756)	42.87	(83,341)	63.63
Forfeited	(14,635)	34.26	—	—	(5,245)	51.48
Balance at September 30, 2019	982,720	$ 42.91	8,824	$ 39.79	199,987	$ 43.59

(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 September 30, 2019	35,565	$ 57.32

(1) Value represents the weighted average exercise price.

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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
LTIP Units	$ 2,498	$ 3,440	$ 8,859	$ 21,823
Stock units	632	972	3,836	5,717
Stock options	—	32	51	94
Phantom stock units	185	172	607	585
	$ 3,315	$ 4,616	$ 13,353	$ 28,219

The Company capitalized share and unit-based compensation costs of $993 and $1,062 for the three months ended September 30, 2019 and 2018, respectively, and $3,598 and $5,575 for the nine months ended September 30, 2019 and 2018, respectively. Unrecognized compensation costs of share and unit-based plans at September 30, 2019 consisted of $4,159 from LTIP Units, $3,657 from stock units and $351 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 September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Current	$ (89)	$ —	$ 83	$ 439
Deferred	(589)	(466)	(1,786)	1,360
Total income tax (expense) benefit	$ (678)	$ (466)	$ (1,703)	$ 1,799

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 $30,643 and $32,197 were included in deferred charges and other assets, net at September 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 October 24, 2019, the Company announced a dividend/distribution of $0.75 per share for common stockholders and OP Unit holders of record on November 8, 2019. All dividends/distributions will be paid 100% in cash on December 3, 2019.

On October 24, 2019, the Company agreed to terms with a group of lenders to replace the existing loan on Kings Plaza Shopping Center with a new $555,000 ten-year loan that will bear interest at 3.67%. The loan is expected to close during the three months ended December 31, 2019.

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 and financial stability 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 September 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 nine months ended September 30, 2019 and 2018. It compares the results of operations for the three months ended September 30, 2019 to the results of operations for the three months ended September 30, 2018. It also compares the results of operations and cash flows for the nine months ended September 30, 2019 to the results of operations and cash flows for the nine months ended September 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 in the Company's Notes to the 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 Company's 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 venture borrowed an additional $26.0 million. On August 16, 2019, the joint venture borrowed an additional $25.0 million. The Company used its share of the additional proceeds to pay down its line of credit and for general corporate purposes.

On September 12, 2019, the Company’s joint venture in Tysons Tower placed a new $190.0 million loan on the property that bears interest at an effective rate of 3.38% and matures on October 11, 2029. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On October 24, 2019, the Company agreed to terms with a group of lenders to replace the existing loan on Kings Plaza Shopping Center with a new $555.0 million ten-year loan that will bear interest at 3.67%. The loan is expected to close during the three months ended December 31, 2019.

Redevelopment and Development Activities:

On September 19, 2019, the Company's joint venture with Pennsylvania REIT completed the redevelopment of Fashion District Philadelphia, an 850,000 square foot regional shopping center in Philadelphia, Pennsylvania. The project is expected to be 70% occupied by holiday 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 $175.4 million of the total $350.8 million incurred by the joint venture as of September 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 $36.0 million of the total $72.0 million incurred by the joint venture as of September 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 $45.7 million of the total $182.9 million incurred by the joint venture as of September 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 $28.8 million of the total $57.7 million incurred by the joint venture as of September 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 $130.0 million to $160.0 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 nine months ended September 30, 2018, to conform to the presentation for the three and nine months ended September 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 nine months ended September 30, 2018, to conform to the presentation for the three and nine months ended September 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 nine months ended September 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 the 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 in the Company's Notes to the 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 nine months ended September 30, 2019 to the three and nine months ended September 30, 2018, the Redevelopment Properties are Paradise Valley Mall and certain ground up developments. For the comparison of the three and nine months ended September 30, 2019 to the three and nine months ended September 30, 2018, the JV Transition Center is One Westside. For the comparison of the three and nine months ended September 30, 2019 to the three and nine months ended September 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 $707 for the twelve months ended September 30, 2018 to $800 for the twelve months ended September 30, 2019. Occupancy rate decreased from 95.1% at September 30, 2018 to 93.8% at September 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 $4.59 per square foot ($60.04 on new and renewal leases executed compared to $55.45 on leases expiring), representing an 8.3% increase for the trailing twelve months ended September 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 September 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 September 30, 2019, the Company signed 271 new leases and 411 renewal leases comprising approximately 1.0 million square feet of GLA, of which 0.7 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was $60.04 per square foot for the trailing twelve months ended September 30, 2019 with an average tenant allowance of $32.76 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 center 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, gone out of business or significantly reduced the number of their retail stores. Store closures by an Anchor may impact the Company's Centers more holistically by causing other tenants, including Anchors, to terminate their leases, receive reduced rent 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 accounting 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 September 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 $130.0 million to $160.0 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.

On September 29, 2019, Forever 21, Inc. filed for Chapter 11 bankruptcy. At the time of the bankruptcy filing, the Company had 29 Forever 21 stores in its portfolio totaling approximately 1.2 million square feet. As of December 31, 2018, Forever 21 stores represented 2.5% of total minimum and percentage rental revenues of the Company. The Company is in ongoing discussion with Forever 21 regarding the status of those stores. Based on a court filing dated October 28, 2019, the Company expects that four of the Forever 21 stores will close, three of which are owned by the Company (Danbury Fair Mall, Arrowhead Towne Center and Pacific View), and one of which is not owned by the Company (Vintage Faire Mall). The Company anticipates that it may provide certain rent concessions in connection with a number of the remaining stores.

Comparison of Three Months Ended September 30, 2019 and 2018

Revenues:

Leasing revenue decreased by $10.0 million, or 4.5%, from 2018 to 2019. The decrease in leasing revenue is attributed to decreases of $9.1 million from the Same Centers, $0.6 million from the JV Transition Center and $0.3 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 $0.7 million in 2018 to $2.4 million in 2019. The amortization of straight-line rents decreased from $3.5 million in 2018 to $3.2 million in 2019. Lease termination income decreased from $3.7 million in 2018 to $0.7 million in 2019. Leasing revenue also includes a provision for bad debts of $2.9 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 decreases in lease termination income and property tax recoveries.

Management Companies' revenue decreased from $11.1 million in 2018 to $10.0 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 $2.8 million, or 3.8%, from 2018 to 2019. The decrease in shopping center and operating expenses is attributed to decreases of $2.6 million from the Same Centers and $0.2 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).

Leasing Expenses:

Leasing expenses increased from $2.6 million in 2018 to $7.2 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 $3.4 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 $0.2 million from 2018 to 2019.

Depreciation and Amortization:

Depreciation and amortization increased $1.0 million from 2018 to 2019. The increase in depreciation and amortization is attributed to an increase of $1.0 million from the Same Centers and $0.1 million from the Redevelopment Properties offset in part by a decrease of $0.1 million from the JV Transition Center.

Interest (Income) Expense:

Interest expense decreased $30.1 million from 2018 to 2019. The decrease in interest expense is attributed to a decrease of $35.0 million from the Financing Arrangement (See "Other Transactions and Events" in Management's Overview and Summary) and $0.1 million from the JV Transition Center offset in part by increases of $4.0 million from the Same Centers and $1.0 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.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $4.2 million from 2018 to 2019. The decrease in equity in income of unconsolidated joint ventures is primarily due to the gain on the sale of The Market at Estrella Falls in 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

(Loss) Gain on Sale or Write Down of Assets, net:

The (loss) gain on sale or write down of assets, net changed to a loss of $0.1 million in 2019 from a gain of $46.5 million in 2018. The change in (loss) gain on sale or write down of assets, net is primarily due to the gain of $46.2 million on the sale of a 75% ownership interest in One Westside in 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Net Income:

Net income decreased $31.2 million from 2018 to 2019. The decrease in net income is primarily due the change in (loss) gain on sale or write down of assets, net, 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, excluding financing expense in connection with Chandler Freehold decreased 10.9% from $149.6 million in 2018 to $133.2 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, excluding financing expense in connection with Chandler Freehold and FFO attributable to common stockholders and unit holders—diluted, excluding financing expense in connection with Chandler Freehold, see "Funds From Operations ("FFO")" below.

Comparison of Nine Months Ended September 30, 2019 and 2018

Revenues:

Leasing revenue decreased by $23.1 million, or 3.5%, from 2018 to 2019. The decrease in leasing revenue is attributed to decreases of $16.3 million from the Same Centers, $3.5 million from the JV Transition Center, $2.3 million from the Disposition Property and $1.0 million from the Redevelopment Properties. The amortization of above and below-market leases increased from $2.5 million in 2018 to $7.0 million in 2019. Straight-line rents decreased from $8.9 million in 2018 to $7.1 million in 2019. Lease termination income decreased from $7.2 million in 2018 to $3.9 million in 2019. Leasing revenue also includes a provision for bad debts of $6.8 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 lease termination income.

Management Companies' revenue decreased from $32.1 million in 2018 to $29.3 million in 2019.

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased $11.7 million, or 5.4%, from 2018 to 2019. The decrease in shopping center and operating expenses is attributed to decreases of $8.3 million from the Same Centers, $1.5 million from the JV Transition Center, $1.2 million from the Disposition Property and $0.7 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).

Leasing Expenses:

Leasing expenses increased from $8.6 million in 2018 to $22.3 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 $22.0 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 $1.6 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 $6.0 million from 2018 to 2019. The increase in depreciation and amortization is attributed to an increase of $8.1 million from the Same Centers offset in part by decreases of $1.3 million from the JV Transition Center, $0.7 million from the Disposition Property and $0.1 million from the Redevelopment Properties.

Interest (Income) Expense:

Interest expense decreased $46.2 million from 2018 to 2019. The decrease in interest expense was attributed to decreases of $61.9 million from the Financing Arrangement (See "Other Transactions and Events" in Management's Overview and Summary) and $1.0 million from the JV Transition Center offset in part by increases of $10.7 million from the Same Centers, $5.1 million from borrowings under the Company's line of credit and $0.9 million from the Redevelopment Properties. 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 loans on Fashion Outlets of Chicago, Chandler Fashion Center and SanTan Village Regional Center in 2019 (See "Financing Activities" in Management's Overview and Summary).

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $17.2 million from 2018 to 2019. The decrease in equity in income of 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 on the sale of The Market at Estrella Falls in 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary), the gain on the sale of an ownership interest in an office 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 increased $15.0 million from 2018 to 2019. The increase in loss on sale or write down of assets, net is primarily due to the gain of $46.2 million on the sale of a 75% ownership interest in One Westside in 2018 (See "Acquisitions and Dispositions" in Management's Overview and Summary), an increase in $12.1 million in the write down of development costs in 2019 and the decrease in gain on land sales in 2019, offset in part by the $46.6 million in impairment losses on SouthPark Mall, Promenade at Casa Grande, Southridge Center and two freestanding stores in 2018. The impairment losses were due to the reduction in the estimated holding periods of the properties.

Net Income:

Net income increased $17.1 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, 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, excluding financing expense in connection with Chandler Freehold decreased 2.5% from $398.8 million in 2018 to $388.8 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, excluding financing expense in connection with Chandler Freehold and FFO attributable to common stockholders and unit holders—diluted, excluding financing expense in connection with Chandler Freehold, see "Funds From Operations ("FFO")" below.

Operating Activities:

Cash provided by operating activities increased $24.8 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 $239.6 million from 2018 to 2019. The decrease in cash provided by investing activities is primarily attributed to decreases in distributions from unconsolidated joint ventures of $305.5 million and proceeds from the sale of assets of $81.8 million, offset in part by an increase in proceeds from notes receivable of $65.0 million, a decrease in contributions to unconsolidated joint ventures of $29.7 million, a decrease in development, redevelopment, expansion and renovations of properties of $28.4 million and a decrease in property improvements of $11.7 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, offset in part by the Company's share of loan proceeds from the new loan on Tysons Tower in 2019. 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 the Consolidated Financial Statements).

Financing Activities:

Cash used in financing activities decreased $171.7 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 $558.4 million, the payment on the Financing Arrangement of $27.9 million in 2019 and an increase in dividends and distributions of $19.9 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 Nine Months Ended September 30,	
(Dollars in thousands)	**2019**	**2018**
Consolidated Centers:		
Acquisitions of property, building improvement and equipment	$ 19,330	$ 31,055
Development, redevelopment, expansions and renovations of Centers	83,142	128,654
Tenant allowances	14,763	9,059
Deferred leasing charges	1,977	13,836
	$ 119,212	$ 182,604
Joint Venture Centers:		
Acquisitions of property, building improvement and equipment	$ 7,793	$ 8,801
Development, redevelopment, expansions and renovations of Centers	152,881	103,581
Tenant allowances	6,922	4,596
Deferred leasing charges	2,725	6,841
	$ 170,321	$ 123,819

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 $200 million and $300 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, Chandler Fashion Center and Tysons Tower (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 September 30, 2019 was $8.0 billion (consisting of $5.0 billion of consolidated debt, less $360.6 million of noncontrolling interests, plus $3.3 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 September 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 September 30, 2019, total borrowings under the line of credit were $750.0 million less unamortized deferred finance costs of $3.3 million with a total interest rate of 4.03%. The Company's availability under the line of credit was $749.7 million at September 30, 2019.

Cash dividends and distributions for the nine months ended September 30, 2019 were $359.4 million. A total of $272.0 million was funded by operations. The remaining $87.4 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 September 30, 2019, the Company was in compliance with all applicable loan covenants under its agreements.

At September 30, 2019, the Company had cash and cash equivalents of $98.3 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 September 30, 2019, one of the Company's joint ventures has $150.5 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 September 30, 2019, the Company was contingently liable for $100.8 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 September 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)	$ 5,941,557	$ 622,742	$ 2,098,558	$ 895,174	$ 2,325,083
Lease liabilities(2)	222,480	5,026	46,699	30,340	140,415
Purchase obligations(3)	12,277	12,277	—	—	—
Other long-term liabilities	266,855	207,982	14,131	11,458	33,284
	$ 6,443,169	$ 848,027	$ 2,159,388	$ 936,972	$ 2,498,782

(1) Interest payments on floating rate debt were based on rates in effect at September 30, 2019.
(2) See Note 8—Leases in the Company's Notes to the Consolidated Financial Statements.
(3) See Note 17—Commitments and Contingencies in the Company's Notes to the 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. Adjustments for unconsolidated joint ventures are calculated to reflect FFO on the same basis.

Beginning during the first quarter 2018, the Company revised its definition of FFO so that FFO excluded the impact of the financing expense in connection with Chandler Freehold. Beginning in the third quarter of 2019, the Company now presents a separate non-GAAP measure - FFO excluding financing expense in connection with Chandler Freehold. The Company has revised the FFO presentation for the three and nine months ended September 30, 2018 to conform to the current presentation.

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 expenses 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.

The Company also presents FFO excluding financing expense in connection with Chandler Freehold, loss on 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 financing expense in connection with Chandler Freehold, non-routine costs associated with extinguishment of debt and costs related to shareholder activism provide useful supplemental information regarding the Company’s performance as they show 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.

Funds From Operations ("FFO") (Continued)

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.

The following reconciles net income attributable to the Company to FFO and FFO-diluted attributable to common stockholders and unit holders-basic and diluted, excluding financing expense in connection with Chandler Freehold, loss on extinguishment of debt, net and costs related to shareholder activism, for the three and nine months ended September 30, 2019 and 2018 (dollars and shares in thousands):

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2019	2018	2019	2018
Net income attributable to the Company	$ 46,371	$ 74,028	$ 69,929	$ 48,271
Adjustments to reconcile net income attributable to the Company to FFO attributable to common stockholders and unit holders—basic and diluted:				
Noncontrolling interests in the Operating Partnership	3,427	5,432	5,151	3,544
Loss (gain) on sale or write down of assets, net—consolidated assets	131	(46,516)	15,506	514
Add: noncontrolling interests share of (loss) gain on sale or write down of assets—consolidated assets	—	—	(3,369)	580
Add: gain on sale of undepreciated assets—consolidated assets	81	2,060	615	3,415
(Gain) loss on sale or write down of assets—unconsolidated joint ventures, net(1)	(3)	(2,968)	381	(3,014)
Add: gain on sale of undepreciated assets—unconsolidated joint ventures(1)	—	2,151	—	373
Depreciation and amortization—consolidated assets	82,787	81,803	246,640	240,608
Less: noncontrolling interests in depreciation and amortization—consolidated assets	(3,746)	(3,670)	(11,067)	(10,946)
Depreciation and amortization—unconsolidated joint ventures(1)	45,465	43,850	141,670	130,030
Less: depreciation on personal property	(3,934)	(3,453)	(11,733)	(10,120)
FFO attributable to common stockholders and unit holders—basic and diluted	170,579	152,717	453,723	403,255
Financing expense in connection with Chandler Freehold	(37,337)	(3,139)	(64,906)	(4,476)
FFO attributable to common stockholders and unit holders, excluding financing expense in connection with Chandler Freehold—basic and diluted	133,242	149,578	388,817	398,779
Loss on extinguishment of debt, net—consolidated assets	—	—	351	—
Costs related to shareholder activism	—	—	—	19,369
FFO attributable to common stockholders and unit holders, excluding financing expense in connection with Chandler Freehold, loss on extinguishment of debt, net and costs related to shareholder activism—basic and diluted	$ 133,242	$ 149,578	$ 389,168	$ 418,148
Weighted average number of FFO shares outstanding for:				
FFO attributable to common stockholders and unit holders—basic(2)	151,784	151,574	151,740	151,476
Adjustments for impact of dilutive securities in computing FFO—diluted:				
Share and unit based compensation plans	—	—	—	5
FFO attributable to common stockholders and unit holders—diluted(3)	151,784	151,574	151,740	151,481

(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 and nine months ended September 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 September 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 September 30,							
	2020	2021	2022	2023	2024	Thereafter	Total	Fair Value
CONSOLIDATED CENTERS:								
Long-term debt:								
Fixed rate	$ 465,056	$ 584,819	$ 358,203	$ 25,768	$ 378,058	$ 2,066,955	$ 3,878,859	$ 3,929,788
Average interest rate	3.51 %	4.56 %	4.08 %	4.15 %	4.05 %	3.83 %	3.95 %	
Floating rate	—	880,000	—	300,000	—	—	1,180,000	1,189,453
Average interest rate	— %	4.07 %	— %	3.38 %	— %	— %	3.89 %	
Total debt—Consolidated Centers	$ 465,056	$ 1,464,819	$ 358,203	$ 325,768	$ 378,058	$ 2,066,955	$ 5,058,859	$ 5,119,241
UNCONSOLIDATED JOINT VENTURE CENTERS:								
Long-term debt (at Company's pro rata share):								
Fixed rate	$ 38,463	$ 149,986	$ 51,402	$ 643,397	$ 400,516	$ 1,765,091	$ 3,048,855	$ 3,070,943
Average interest rate	3.69 %	3.81 %	3.75 %	3.47 %	4.11 %	3.88 %	3.81 %	
Floating rate	—	15,000	51,183	180,500	9,400	—	256,083	258,718
Average interest rate	— %	3.29 %	3.86 %	3.97 %	3.89 %	— %	3.90 %	
Total debt—Unconsolidated Joint Venture Centers	$ 38,463	$ 164,986	$ 102,585	$ 823,897	$ 409,916	$ 1,765,091	$ 3,304,938	$ 3,329,661

The consolidated Centers' total fixed rate debt at September 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 September 30, 2019 and December 31, 2018 was 3.95% and 3.82%, respectively. The consolidated Centers' total floating rate debt at September 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 September 30, 2019 and December 31, 2018 was 3.89% and 4.00%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at September 30, 2019 and December 31, 2018 was $3.0 billion. The average interest rate on such fixed rate debt at September 30, 2019 and December 31, 2018 was 3.81% and 3.83%, respectively. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at September 30, 2019 and December 31, 2018 was $256.1 million and $221.4 million, respectively. The average interest rate on such floating rate debt at September 30, 2019 and December 31, 2018 was 3.90% 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 September 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 $14.4 million per year based on $1.4 billion of floating rate debt outstanding at September 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 September 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)
July 1, 2019 to July 31, 2019	—	$ —	—	$ 278,707,048
August 1, 2019 to August 31, 2019	—	—	—	$ 278,707,048
September 1, 2019 to September 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*	Employment Agreement between the Company and William P. Voegele, effective September 1, 2019.
10.2*	Amendment to Employment Agreement between the Company and Thomas E. O'Hern, effective January 1, 2020.
10.3*	Amendment to Employment Agreement between the Company and Ann C. Menard, effective January 1, 2020.
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

Exhibit Number	Description
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

Date: November 5, 2019

(Principal Financial Officer)

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (the "Agreement") is entered into by and among THE MACERICH COMPANY, a Maryland corporation (the "Company"), THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership (the "Partnership") and William Voegele (the "Executive"), effective as of September 1, 2019 (the "Effective Date") (but binding on the Company, the Partnership and the Executive (the "Parties") immediately upon execution).

WHEREAS, the Parties desire to enter into this Agreement in connection with Executive's appointment as Executive Vice President, Chief Development Officer of the Company as of the Effective Date and with respect to his full-time employment with the Company in such positions, on the terms and conditions provided herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Term. Subject to satisfactory completion of a background check and standard onboarding materials for executive officers of the Company, the Company hereby agrees to employ the Executive, and the Executive hereby agrees to serve the Company and the Partnership, subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of the Effective Date (the "Employment Period"). Upon the expiration of the Employment Period, this Agreement will lapse and have no further force or effect (other than as specifically stated herein), and the Executive shall become an "at-will" employee in accordance with the Company's customary practices. Without altering the “at will” nature of the employment relationship, upon the expiration of the Employment Period and provided that the Executive remains employed by the Company following such expiration, it is the expectation that the structure of the Executive’s compensation will remain consistent with the Executive’s compensation structure for the prior year, except as modified by changes generally applicable to Executive Vice Presidents of the Company.

2. Grant of Equity Awards on the Effective Date; Make Whole Payment.

(a) The Executive shall be granted, pursuant to and subject to the terms and conditions of the Company's 2003 Equity Incentive Plan, as amended, and as it may subsequently be amended, restated or replaced (the "Equity Incentive Plan"), restricted stock units relating to shares of the Company's common stock, which shall (i) have an aggregate grant date fair value (as determined by the Company based on its standard equity award valuation methodology) of $1,000,0000 and (ii) vest in equal annual installments on the first, second, third and fourth anniversaries of the Effective Date, subject to the Executive’s continued employment through the applicable vesting date.

(b) Concurrent with payment of the Executive's Annual Bonus (as defined below) for the 2019 calendar year, the Company will pay the Executive an amount, in cash, equal to the amount obtained by multiplying $500,000 by a fraction, the numerator of which is the number of days from January 1, 2019, to the Effective Date, and the denominator of which is 365.

3. Terms of Employment.

(a) Position and Duties. (i) Commencing on the Effective Date and thereafter during the Employment Period the Executive shall be the Executive Vice President, Chief Development Officer of the Company, and shall serve the Company and the Partnership in such capacities by performing customary and appropriate duties as may be reasonably assigned to the Executive from time to time by the Chief Executive Officer (the "CEO") or President of the Company. The Executive shall report to the President of the Company. The Executive's primary office will be at the Company's Santa Monica, California offices, and the Executive will be expected to travel as reasonably required in order to perform his duties. During the Employment Period, the Executive agrees to devote substantially all of his attention and time during normal business hours to the business and affairs of the Company and the Partnership and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities.

(b) During the Employment Period, the Executive shall not be permitted to participate or invest in or manage any for-profit business activity or venture not arising in connection with the performance of his duties pursuant to this Agreement; provided, however, that it shall not be a violation of this Agreement for the Executive (A) with the prior written approval of the CEO, to serve on the boards of directors of for-profit companies, and (B) to serve on civic or charitable boards or committees, so long as, in the case of activities described in the preceding clauses (A) and (B), (x) such activities do not materially interfere with the performance of the Executive's responsibilities in accordance with this Agreement or otherwise create a conflict of interest or breach of this Agreement, and (y) the Executive complies with applicable provisions of the Company's policies and procedures regarding such matters, if any.

(c) Compensation.

(i)Base Salary. During the Employment Period, the Executive shall receive an annual base salary of not less than $500,000 (the "Annual Base Salary"). The Annual Base Salary shall be payable in installments in accordance with the Company's payroll policies in effect from time to time.

(i)Annual Bonus. For each complete fiscal year of the Company during the Employment Period, the Executive shall be eligible to be awarded an annual incentive bonus (the "Annual Bonus"). The target Annual Bonus for each such fiscal year during the Employment Period shall be equal to 100% of the Annual Base Salary (the "Target Bonus"). The Compensation Committee of the Board of Directors will determine if the Annual Bonus, which is

discretionary, will be paid, the amount thereof and whether the amount will be paid in cash or equity. Each Annual Bonus will be based upon the attainment of performance metrics set forth in an annual scorecard established by the Compensation Committee in consultation with the CEO (including a component for achievement of certain personal goals which personal goals will be determined by the CEO in consultation with the Executive). Notwithstanding the foregoing, the Executive's Annual Bonus for the 2019 calendar year shall be equal to the Target Bonus multiplied by a fraction, the numerator of which is the number of days in 2019 starting with the Effective Date through and including December 31, 2019, and the denominator of which is 365. Each Annual Bonus shall be paid on the date on which annual bonuses are paid to executives of the Company generally, but not later than two and one-half (2 1/2) months after the end of the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus pursuant to an arrangement that meets the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). The Annual Bonus shall be paid in cash, or fully vested equity at the discretion of the Compensation Committee.

(ii)Annual Equity Awards. During the Employment Period and commencing with an annual grant of long-term awards for 2019, the Executive shall participate in long-term cash and equity incentive plans, practices, policies and programs of the Company, on a level commensurate with the Executive's position. The aggregate grant date fair value (as determined by the Company based on its standard equity award valuation methodology) of Executive's equity awards granted for 2019 shall be the amount obtained by multiplying $750,000 by a fraction, the numerator of which is the number of days in 2019 starting with the Effective Date through and including December 31, 2019, and the denominator of which is 365. The Executive's equity awards granted for 2019 shall be granted effective as of the first day of the calendar month coinciding with or, if the Effective Date is not on the first day of a calendar month, next following the Effective Date. Equity awards and any other incentive arrangements shall be subject to the terms and conditions of the applicable equity or incentive plan and any applicable award agreement, including provisions for time vesting and performance vesting (the 2019 equity award shall be 50% time based and 50% performance based as more particularly described in the applicable award agreements).

(i)Health and Other Benefits. During the Employment Period, the Executive (and/or the Executive's family) shall be eligible for participation in, and receive benefits under, health plans, practices, policies and programs, and other employee benefit arrangements, provided by the Company to the same extent as provided generally to similarly situated executives of the Company during the Employment Period. In addition to health benefits, such arrangements include as of the Effective Date a 40l(k) plan, deferred compensation plan, and disability and life insurance.

(ii)Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits in accordance with the plans, practices, programs and policies of the Company in effect from time to time on a level commensurate with the Executive's position . The Company reserves the right to amend or cancel any such plan, practice, policy or program

in its sole discretion, subject to the terms of such plan, practice, policy or program and applicable law.

(iii)Expenses; Moving Expenses. The Company shall reimburse the Executive for (i) any reasonable travel and entertainment expenses incurred by the Executive in connection with the performance of the Executive's services under this Agreement, (ii) brokerage costs incurred by the Executive in selling the Executive’s home in Ohio, (iii) actual and reasonable travel and lodging expenses incurred by the Executive in searching for a home in California (for a period of time not to exceed one hundred and twenty (120) days) and (iv) actual and reasonable moving expenses incurred by the Executive in moving the Executive’s residence from Ohio to California, in each case subject and pursuant to the Company's reimbursement policies, if any, as in effect from time to time; provided, however, that in all circumstances the Executive shall document or substantiate such expenses to the reasonable satisfaction of the Company; and provided further that all reimbursements provided under this Agreement shall be made or provided in accordance with the requirements of Section 409A of the Code to the extent that such reimbursements are subject to Section 409A of the Code, including, where applicable, the requirements that (A) any reimbursement is for expenses incurred during the Employment Period, (B) the amount of expenses eligible for reimbursement during a calendar year may not affect the expenses eligible for reimbursement in any other calendar year, (C) the reimbursement of an eligible expense will be made on or before the last day of the calendar year following the year in which the expense is incurred, and (D) the right to reimbursement is not subject to set off or liquidation or exchange for any other benefit.

(iv)Other Benefits. During the Employment Period, the Executive shall be entitled to participate in all executive and employee benefit plans and programs of the Company, including without limitation the Company’s Change in Control Severance Pay Plan for Executive Vice Presidents, on the same basis as provided generally to other similarly situated executives of the Company from time to time. The Company reserves the right to amend or cancel any such plan or program in its sole discretion, subject to the terms of such plan or program and applicable law.

4. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If a Disability (as defined below) of the Executive has occurred during the Employment Period, the Company may provide the Executive with written notice in accordance with Section 4(d) of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Company shall terminate effective on the thirtieth (30th) calendar day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that within thirty (30) calendar days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full-time basis for one hundred

eighty (180) consecutive calendar days or two hundred forty (240) calendar days within any twelve (12)-month period as a result of incapacity due to mental or physical illness.

(b) Cause. The Company may terminate the Executive's employment during the Employment Period either with or without Cause. For purposes of this Agreement, "Cause" shall mean, as reasonably determined by the Board, the Executive's:

(i) failure to substantially perform his duties with the Company or the Partnership or to follow the lawful instructions of the Board or the CEO, unless the Executive has cured such failure within thirty (30) days following his receipt of written notice from the Board specifying with particularity the alleged failure;

(ii) illegal conduct or gross misconduct that is materially injurious to the Company;

(iii) material breach of his obligations under this Agreement, unless the Executive has cured such failure (if curable) within thirty (30) days following his receipt of written notice, including without limitation the confidentiality provisions and restrictive covenants set forth in Sections 8 and 9;

(iv) commission of or entry of a plea of guilty or *nolo contendere* with respect to, a felony or a crime involving fraud, forgery, embezzlement, or similar conduct;

(v) willful and knowing material violation of any (A) material rules or regulations of any governmental or regulatory body that are material to the business of the Company or the Partnership or (B) U.S. securities laws; provided that, for the avoidance of doubt, a violation shall not be considered as willful or knowing where the Executive has acted in a manner consistent with specific advice of outside counsel to the Company;

(vi) failure to cooperate, if requested by the Board or the CEO, with any investigation or inquiry by the Company or the Partnership, the Securities and Exchange Commission or another governmental body into the Executive's, the Company's or the Partnership's business practices, whether internal or external, including, but not limited to, the Executive's refusal to be deposed or to provide testimony at any trial or inquiry; or

(i)any material inaccuracy in any representation made by the Executive in Section 12.

(1) Good Reason. The Executive's employment may be terminated during the Employment Period by the Executive for Good Reason or by the Executive voluntarily without Good Reason. "Good Reason" means the occurrence of any one of the following events without the prior written consent of the Executive:

(i) a material diminution of the Executive's duties, responsibilities, authorities, powers, or functions;

(ii) a relocation from Santa Monica that would result in the Executive's principal location of employment being moved thirty (30) miles or more away from his current principal location and, as a result, the Executive's commute increasing by thirty (30) miles or more;

(iii) any one or more reductions in the Executive's Base Salary and/or Target Bonus that, individually or in the aggregate, exceed 10% of the Executive's Base Salary and/or Target Bonus, in the aggregate; or

(iv) a material breach of this Agreement by the Company; provided, however, that the actions in each of (i), (ii), and (iii) above will not be considered Good Reason unless the Executive describes the basis for the events, circumstances, or conditions alleged by the Executive to constitute grounds for Good Reason in reasonable detail in a Notice of Termination (as defined below) provided to the Company in writing within ninety (90) calendar days following the Executive's knowledge of such events, circumstances, or conditions alleged to constitute Good Reason, and the Company has failed to cure such events, circumstances, or conditions within thirty (30) calendar days of receiving such Notice of Termination (and if the Company does effect a cure within that period, such Notice of Termination shall be ineffective). Unless the Executive gives the Company notice within ninety (90) calendar days of the Executive first becoming aware of any event, circumstance, or condition that, after any applicable notice and the lapse of any applicable thirty (30)-calendar-day grace period, would constitute Good Reason, such event will cease to be an event, circumstance, or condition constituting Good Reason.

(2) Notice of Termination. Any termination of employment by the Company or the Executive shall be communicated by a Notice of Termination (as defined below) to the other party hereto given in accordance with Section 15(e). For purposes of this Agreement, a "Notice of Termination" shall mean a written notice that (i) indicates the termination provision in this Agreement relied upon and (ii) specifies the Date of Termination (as defined below) if such date is other than the date of receipt of such notice. The failure by the Company or the Executive to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Cause or Good Reason shall not waive any right of the Company or the Executive, respectively, hereunder or preclude the Company or the Executive, respectively, from asserting such fact or circumstance in enforcing the Company's or the Executive's rights hereunder.

(3) Date of Termination. "Date of Termination" shall mean (i) if the Executive's employment is terminated by the Company for Cause or other than for Cause or death or Disability, the date of receipt of the Notice of Termination or any later date specified therein (which date shall not be more than thirty (30) calendar days after the giving of such notice), (ii) if the Executive's employment is terminated by reason of death or by the Company for Disability, the date of death of the Executive or the Disability Effective Date, as the case

may be, and (iii) if the Executive resigns with or without Good Reason, thirty (30) calendar days from the date of the Company's receipt of the Notice of Termination, or such other date as is mutually agreed by the Company and the Executive (subject to the Company's right to cure in the case of a resignation for Good Reason). Notwithstanding the foregoing, in no event shall the Date of Termination occur until the Executive experiences a "separation from service" within the meaning of Section 409A of the Code and, notwithstanding anything contained herein to the contrary, the date on which such separation from service takes place shall be the "Date of Termination."

1. Obligations of the Company upon Termination.

(a) By the Company Other Than for Cause, Death or Disability; By the Executive for Good Reason. Subject to Section 6, if, during the Employment Period, (x) the Company shall terminate the Executive's employment other than for Cause, death or Disability or (y) the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive the following amounts:

(A) a lump sum payment within thirty (30) days following the Date of Termination equal to the aggregate of the following amounts: (1) the Executive's Annual Base Salary accrued through the Date of Termination; (2) the Executive's accrued Annual Bonus for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs (other than any portion of such Annual Bonus that was previously deferred, which portion shall instead be paid in accordance with the applicable deferral election); and (3) the Executive's business expenses that have not been reimbursed by the Company as of the Date of Termination and were incurred by the Executive prior to the Date of Termination in accordance with the applicable Company policy, in the case of each of clauses (1), (2), and (3), to the extent not previously paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

(B) subject to the Executive's delivery (and non-revocation) of an executed release of claims against the Company and its officers, directors, employees and affiliates in substantially the form attached hereto as Exhibit A (the "Release"), which Release must be delivered to the Company not later than twenty-one (21) calendar days after the later of the Date of Termination or the date the Company provides the final form of Release to the Executive (or such longer period as required to make the Release maximally enforceable under applicable law) (the "Release Deadline") and not revoked (as to the waiver of age discrimination claims contained therein) in accordance with the terms thereof, a lump sum payment of an amount equal to the sum of:

(i) the amount of the Annual Base Salary (at the rate in effect on the Date of Termination) that would have been payable to the Executive for the period from the Date of Termination through the last day of the Employment Period

identified in Section 1 hereof had his employment with the Company continued through the end of such period, and

(a) an amount determined by multiplying the Target Bonus amount by a fraction, the numerator of which is the number of days in the period of time beginning with the first day in fiscal year in which the Date of Termination occurs through the last day of the Employment Period identified in Section 1 hereof (or, if the Date of Termination occurs in 2019, the number of days in the period of time beginning with the Effective Date through the last day of the Employment Period identified in Section 1 hereof), and the denominator of which is 365, such amount to be paid on the first business day which is more than sixty (60) days following the Date of Termination (for clarity, the amount contemplated by this clause (y) to be in lieu of any bonus for the fiscal year in which the Date of Termination occurs and any subsequent fiscal year).

In addition, each of the Executive's equity-based awards granted by the Company, to the extent such award is outstanding and unvested on the Date of Termination, shall: (i) in the case of any such award that is a stock option, be fully vested as of the Date of Termination; and (ii) in the case of any other award, be treated as though the termination of the Executive's employment was a "Qualifying Termination" under the applicable award agreement. The Company shall provide the final form of Release to the Executive not later than seven (7) days following the Date of Termination.

(i)the Company will pay or reimburse the Executive for his premiums charged to continue medical coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA"), at the same or reasonably equivalent medical coverage for the Executive (and, if applicable, the Executive's eligible dependents) as in effect immediately prior to the Date of Termination, to the extent that the Executive elects such continued coverage; provided that the Company's obligation to make any payment or reimbursement pursuant to this clause (ii) shall commence with continuation coverage for the month following the month in which the Date of Termination occurs and shall cease with continuation coverage for the month in which the Employment Period identified in Section 1 was scheduled to end (or, if the Date of Termination occurs within ninety (90) days prior to the end of such Employment Period, the Company's obligation to make any payment or reimbursement pursuant to this clause (ii) shall end with continuation coverage for the third (3rd) month following the month in which the Date of Termination occurs); provided, however, that the Company's obligation to make any payment or reimbursement pursuant to this clause (ii) shall end, if earlier, with first to occur of the Executive's death, the date the Executive becomes eligible for coverage under the health plan of a future employer, or the date the Company ceases to offer group medical coverage to its active executive employees or the Company is otherwise under no obligation to offer COBRA continuation coverage to the Executive. To the extent the Executive elects COBRA coverage, he shall notify the Company in writing of such election prior to such coverage taking effect and complete any other continuation coverage enrollment procedures the Company may then have in place. The Company's obligations pursuant to this clause (ii) are subject to the Company's

ability to comply with applicable law and provide such benefit without resulting in adverse tax consequences.

(ii)to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or that the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company through the Date of Termination (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

Notwithstanding the foregoing provisions of Sections 5(a)(i) and 5(a)(iii), in the event that the Executive is a "specified employee" (within the meaning of Section 409A of the Code and with such classification to be determined in accordance with the methodology established by the applicable employer) (a "Specified Employee"), amounts and benefits (other than the Accrued Obligations) that are deferred compensation (within the meaning of Section 409A of the Code) that would otherwise be payable or provided under Section 5(a)(i) or 5(a)(iii), as applicable, during the six (6)-month period immediately following the Date of Termination shall instead be paid, with interest on any delayed payment at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code ("Interest"), on the first business day which is more than six (6) months following the Date of Termination.

(a) Death. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than payment of the Accrued Obligations and the Other Benefits. The Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within thirty (30) calendar days following the Date of Termination. The term "Other Benefits" as utilized in this Section 5(b) shall include death benefits as in effect on the date of the Executive's death with respect to similarly situated executives of the Company.

(b) Disability. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, the Company shall provide the Executive with the Accrued Obligations and the Other Benefits. The Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty (30) calendar days following the Date of Termination. The term "Other Benefits" as utilized in this Section 5(c) shall include short-term and long-term disability benefits as in effect on the date of the Executive's Disability with respect to similarly situated executives of the Company.

(c) Cause; By the Executive Other Than for Good Reason. If the Executive's employment shall be terminated for Cause or the Executive's employment shall be terminated by the Executive other than for Good Reason during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to provide the Executive with the Accrued Obligations and the Other Benefits; provided, however, that if the Executive's employment shall be terminated for Cause, the term "Accrued Obligations" shall not be deemed to include the Executive's unpaid Annual Bonus, if any, for the fiscal year immediately preceding the fiscal year in which the Date of Termination occurs. The Accrued

Obligations shall be paid to the Executive in a lump sum in cash within thirty (30) calendar days following the Date of Termination.

1. Non-exclusivity of Rights. Except as specifically set forth herein, nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company and for which the Executive qualifies pursuant to its terms, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts that are vested benefits or that the Executive is otherwise entitled to receive pursuant to the terms of any plan, program, policy or practice of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, program, policy or practice or contract or agreement, except as explicitly modified by this Agreement.

1. No Mitigation; No Offset. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement, and such amounts shall not be reduced, regardless of whether the Executive obtains other employment.

2. Confidential Information and Trade Secrets. (a) The Executive acknowledges that the term "Confidential Information" as used in this Agreement means all items, materials and information (whether or not reduced to writing and whether or not patentable or copyrightable) which belong to the Company or which the Company's suppliers or customers or clients have communicated to the Company in the course of the Company's business, and which reflect, consist of or refer to:

(i) information technology; methods and processes; designs and formulations; the content or composition of goods or services; techniques; business strategies or operations; formulas; compilations of data or reports; plans; tools or equipment; inventions; know-how; technical disclosures, patent applications, blueprints or specifications; financial, marketing, sales, personnel or salary information; forms, legal documents or memoranda; software, computer programs or databases; any documents prepared by or on behalf of the Company or Company suppliers, customers or clients;

(ii) information compiled, collected or developed by the Company reflecting the identities of those customers and clients of the Company which are not generally known outside the Company or whose relationship with the Company as a customer or client is not generally known outside the Company; characteristics of any customers or clients of the Company or of customer or client representatives, including without limitation product or service preferences or requirements, cost or price information for goods or services offered or sold, credit terms or credit performance, actual or likely order cycles, the nature of goods delivered or services performed, or research or development plans or activities;

(iii) information compiled, collected, or developed by the Company reflecting identities of any suppliers of the Company which are not generally known outside the Company or whose relationship with the Company as a supplier is not generally known outside the Company; characteristics of any supplier of the Company, or supplier representatives, including without limitation cost or price information for goods or services offered or purchased, audit terms, the nature of goods delivered or services performed, product or service quality and reliability, delivery terms, or research or development plans or activities;

(iv) prices, fees, discounts, selling techniques or distribution methods used by the Company; or any other confidential or proprietary information obtained directly or indirectly while employed by the Company.

(a) The Executive acknowledges that the term "Trade Secret" as used in this Agreement means the whole or any portion or phase of any scientific or technical or business information, including, but not limited to, any design, process, procedure or system, formula, improvement, or invention that (i) derives independent economic value, actual or potential, from not being generally known to the public or to other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of the Company's reasonable efforts to maintain its secrecy. In addition to information belonging to the Company, information furnished to the Company by other parties can be a Trade Secret.

(b) The term "Confidential Information" includes information which may also be a Trade Secret, but does not include anything described above which is now generally known by parties other than the Company, its affiliates and employees, or becomes generally known, through no breach of this Section 8 on the part of the Executive.

(c) The Executive acknowledges that Confidential Information is and remains confidential regardless of whether or not any Company report or form or other document contains any statement regarding confidentiality.

(d) The Executive agrees to hold all Confidential Information in confidence and to not use directly or indirectly, for Executive's own benefit or the benefit of any other party, corporate or otherwise, or publish or cause to be published or otherwise disclose to anyone other than the Company or its designee, any Confidential Information or Trade Secrets except as compelled by law and except as required to conduct the Company's business. This provision shall survive for five (5) years after the Date of Termination.

(e) The Executive will, upon demand, and without demand immediately upon the termination of the Executive's employment, surrender to the Company any and all documents, including without limitation computer memory, reports and forms containing Confidential Information and any and all other business records, prototypes and materials which the Executive may have created or received from the Company during the Executive's employment, or which pertain to the Company's business, and all copies thereof,

which are in the Executive's possession or control at the time of the demand or the termination of the Executive's employment, however made or obtained.

(f) Notwithstanding the foregoing, the Executive may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Company the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Company and its counsel the documents and other information sought, and shall assist the Company and such counsel in resisting or otherwise responding to such process. The Executive understands that nothing in this Agreement is intended to limit the Executive's right (i) to discuss the terms, wages, and working conditions of the Executive's employment to the extent permitted and/or protected by applicable labor laws, (ii) to report Confidential Information in a confidential manner either to a federal, state or local government official or to an attorney where such disclosure is ***solely*** for the purpose of reporting or investigating a suspected violation of law, or (iii) to disclose Confidential Information in an anti-retaliation lawsuit or other legal proceeding, so long as that disclosure or filing is made under seal and the Executive does not otherwise disclose such Confidential Information, except pursuant to court order. The Company encourages the Executive, to the extent legally permitted, to give the Company the earliest possible notice of any such report or disclosure. Pursuant to the Defend Trade Secrets Act of 2016, the Executive acknowledges that he may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of Confidential Information that: (a) is made in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed in a lawsuit or other proceeding, provided that such filing is made under seal. Further, the Executive understands that the Company will not retaliate against him in any way for any such disclosure made in accordance with the law. In the event a disclosure is made, and the Executive files any type of proceeding against the Company alleging that the Company retaliated against him because of his disclosure, the Executive may disclose the relevant Confidential Information to his attorney and may use the Confidential Information in the proceeding if (i) the Executive files any document containing the Confidential Information under seal, and (ii) the Executive does not otherwise disclose the Confidential Information except pursuant to court or arbitral order.

1. Non-Solicitation. During the Executive's employment with the Company, and for a period of twelve (12) months immediately following the Date of Termination, (a) Executive shall not induce, or aid others to induce, any individual who is, or was during the six (6) months preceding the time of the aid or inducement, employed by the Company or any of its subsidiaries to terminate his or her employment with the Company or any of its subsidiaries or do anything which violates any written employment agreement he or she may have with the Company or any of its subsidiaries, and (b) in recognition of the status of information regarding compensation and other personnel information of Company employees as Confidential Information, the Executive shall not solicit or aid others to solicit an individual who is, or was during the six (6) months preceding the time of the solicitation, employed by the Company or any of its subsidiaries for, or offer to any such individual, competitive employment; provided, however, that the provisions of this Section 9 shall not apply to the Executive's secretary or

executive assistant. For purposes of the preceding sentence, the term "Company" includes the Company and its affiliates, and the personnel and directors of any of them, or any product or service offered by the Company or any of its affiliates.

2. Provisions Generally Applicable to Sections 8, 9 and 10.

(a) The term "Company," when used in Sections 8, 9 and 10, refer collectively to the Company, the Partnership, and each other entity directly or directly controlling, controlled by, or under common control with, any of them.

(b) The Executive understands that the provisions of Sections 8 and 9 may limit his ability to earn a livelihood in a business similar to the Company's business but the Executive nevertheless agrees and hereby acknowledges that (i) such provisions do not impose a greater restraint than is necessary to protect the goodwill or other business interests of the Company and its members, principals and directors, (ii) such provisions contain reasonable limitations as to time and scope of activity to be restrained, (iii) such provisions are not harmful to the general public, (iv) such provisions are not unduly burdensome to the Executive, and (v) the consideration provided hereunder is sufficient to compensate the Executive for the restrictions contained in Sections 8 and 9. If any court determines that any of the covenants of Sections 8 and 9, or any part thereof, is invalid or unenforceable, the remainder of the covenants shall not thereby be affected and shall be given full effect, without regard to the invalid portions. In the event any covenant made in this Agreement shall be more restrictive than permitted by applicable law, it shall be limited to the extent which is so permitted and, in its reduced form, such provision shall then be enforceable. Nothing in this Agreement shall be construed as preventing the Company from pursuing any and all other remedies available to it for the breach or threatened breach of covenants made in this Agreement, including recovery of money damages or temporary or permanent injunctive relief. Accordingly, the Executive acknowledges that the remedy at law for breach of the provisions of this Agreement may be inadequate and that, in addition to any other remedy the Company may have, it shall be entitled to an injunction restraining any breach or threatened breach, without any bond or other security being required and without the necessity of showing actual damages. Notwithstanding anything in this Agreement to the contrary, Sections 8 and 9 shall survive the early termination of the Employment Period and the termination of this Agreement and remain in effect in accordance with their respective terms.

a. Successors. This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns as long as the Company remains liable hereunder.

b. Executive's Representations. The Executive hereby represents and warrants to each of the Company and the Partnership, and the Executive agrees, that: (i) he has

the full authority to execute and enter into this Agreement, (ii) the execution and delivery of this Agreement by the Executive, the Company and the Partnership, and the performance by the Executive of the Executive's duties hereunder do not and shall not constitute a breach of, conflict with, or otherwise contravene or cause a default under, the terms of any other agreement or policy to which the Executive is a party or otherwise bound or any judgment, order or decree to which the Executive is subject; (iii) the Executive will not enter into any new agreement that would or reasonably could contravene or cause a default by the Executive under this Agreement; (iv) the Executive has disclosed to the Company all provisions in any agreements with his current and previous employers, if any, that purport to restrict his activities following employment with each such employer and he is subject to no agreement or restriction that would limit his ability to serve in the capacities and fully perform the services contemplated in this Agreement, (v) to the extent the Executive has any confidential or similar information that he is not free to disclose to the Company and the Partnership, he will not disclose such information to the extent such disclosure would violate applicable law or any other agreement or policy to which the Executive is a party or by which the Executive is otherwise bound; and (vi) the Executive understands that both the Company and the Partnership will rely upon the accuracy and truth of the representations and warranties of the Executive set forth herein and the Executive consents to such reliance.

c. Recoupment. The Executive agrees to comply with any recoupment policy adopted by the Company in respect of its executives generally.

d. Reduction of Certain Payments.

(a) Anything in this Agreement to the contrary notwithstanding, in the event that the receipt of all payments or distributions by the Company in the nature of compensation to or for the Executive's benefit, whether paid or payable pursuant to this Agreement or otherwise (a "Payment"), would subject the Executive to the excise tax under Section 4999 of the Code, the accounting firm which audited the Company prior to the corporate transaction which results in the application of such excise tax, or another nationally known accounting or employee benefits consulting firm selected by the Company prior to the corporate transaction (the "Accounting Firm"), shall determine whether to reduce any of the Payments to the Reduced Amount (as defined below). The Payments shall be reduced to the Reduced Amount only if the Accounting Firm determines that the Executive would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Executive's Agreement Payments were reduced to the Reduced Amount. If such a determination is not made by the Accounting Firm, the Executive shall receive all Payments to which the Executive is entitled under this Agreement.

(b) If the Accounting Firm determines that aggregate Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 14 shall be made as soon as reasonably practicable and in no event later than sixty (60) days following the date of termination or such earlier date as

requested by the Company and the Executive. All fees and expenses of the Accounting Firm shall be borne solely by the Company.

(i)As a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by the Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed (the "Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed (the "Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which the Accounting Firm believes has a high probability of success, determines that an Overpayment has been made, the Executive shall pay any such Overpayment to the Company, together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no amount shall be payable by the Executive to the Company if and to the extent such payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be paid promptly (and in no event later than sixty (60) days following the date on which the Underpayment is determined) by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

(e) For purposes hereof, the following terms have the meanings set forth below: (i) "Reduced Amount" shall mean the greatest amount of Payments that can be paid that would not result in the imposition of the excise tax under Section 4999 of the Code if the Accounting Firm determines to reduce Payments pursuant to this Section 14 and (ii) "Net After-Tax Receipt" shall mean the present value (as determined in accordance with Section 280G(b)(2)(A)(ii) and Section 280G(d)(4) of the Code) of a Payment net of all taxes imposed on Executive with respect thereto under Section 1 and Section 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Executive's taxable income for the immediately preceding taxable year, or such other rate(s) as the Executive certifies, in the Executive's sole discretion, as likely to apply to him in the relevant tax year(s).

1. Miscellaneous.

(a) Governing Law; Dispute Resolution. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to principles of conflict of laws. Any dispute or controversy arising under or in connection with this Agreement shall be settled by arbitration before a sole arbitrator in accordance with the commercial arbitration rules of the Judicial Arbitration and Mediation Service then in effect. Judgment may be entered on the arbitral award in any court having jurisdiction. The place of

arbitration shall be Santa Monica or Los Angeles, California. The arbitral award shall be final and binding. The provisions of this Section 15(a) shall provide the sole jurisdiction and venue for resolving any disputes arising under or in connection with this Agreement; provided, however, that each party retains the right to seek judicial assistance: (i) to compel arbitration; (ii) to obtain interim measures of protection prior to or pending arbitration; (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate; and (iv) to enforce any decision of the arbitrator, including the final award. The arbitration proceedings contemplated by this Agreement shall be as confidential and private as permitted by law.

(b) Headings. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(c) Amendment. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(d) Merger. From and after the date of this Agreement, this Agreement shall supersede and replace any other written or oral employment agreement or understanding between the parties with respect to the subject matter hereof in effect immediately prior to the execution of this Agreement.

(a) Notices. All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive: At the most recent address

on file at the Company

If to the Company: The Macerich Company

401 Wilshire Boulevard, Suite 700
Santa Monica, California 90401
Attention: Chief Executive Officer

with a copy to:

The Macerich Company

401 Wilshire Boulevard, Suite 700
Santa Monica, California 90401

Attention: Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(b) Withholding of Amounts. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(c) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(d) Survivability. Any provision of this Agreement that by its terms continues after the expiration of the Employment Period or the termination of the Executive's employment shall survive in accordance with its terms.

(e) Code Section 409A. This Agreement is intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. The Company and the Executive mutually intend to structure the payments and benefits described in this Agreement, and the Executive's other compensation, to be exempt from or to comply with the requirements of Section 409 A of the Code to the extent applicable. Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may the Executive, directly or indirectly, designate the calendar year of any payment to be made under this Agreement. If the Executive dies following the Date of Termination and prior to the payment of any amounts delayed on account of Section 409A of the Code, such amounts shall be paid to the personal representative of the Executive's estate within thirty (30) calendar days after the date of the Executive's death. All reimbursements and in-kind benefits provided under this Agreement that constitute deferred compensation within the meaning of Section 409A of the Code shall be made or provided in accordance with the requirements of Section 409A of the Code, including, without limitation, that (i) in no event shall reimbursements by the Company under this Agreement be made later than the end of the calendar year next following the calendar year in which the applicable fees and expenses were incurred; provided that the Executive shall have submitted an invoice for such fees and expenses at least ten (10) calendar days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; (ii) the amount of in-kind benefits that the Company is obligated to pay or provide in any given calendar year shall not affect the in-kind benefits that the Company is obligated to pay or provide in any other calendar year; (iii) the Executive's right to have the Company pay or provide such reimbursements and in-kind benefits may not be liquidated or

exchanged for any other benefit; and (iv) in no event shall the Company's obligations to make such reimbursements or to provide such in-kind benefits apply later than the Executive's remaining lifetime (or if longer, through the twentieth (20th) anniversary of the Effective Date). Prior to a "change of control" but within the time period permitted by the applicable Treasury Regulations, the Company may, in consultation with the Executive, modify this Agreement in the least restrictive manner necessary and without any diminution in the value of the payments to the Executive, in order to cause the provisions of this Agreement to comply with the requirements of Section 409A of the Code, so as to avoid the imposition of taxes and penalties on the Executive pursuant to Section 409A of the Code.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day and year first above written.

WILLIAM VOEGELE

/s/ William Voegele

THE MACERICH COMPANY

By: /s/ Thomas E. O'Hern
Title: Chief Executive Officer

EXHIBIT A

RELEASE OF CLAIMS

This General Release of all Claims (this "Agreement") is entered into on ______________, 20__, by ________________ (the "Executive"), The Macerich Company, a Maryland corporation (the "Company"), and The Macerich Partnership, L.P., a Delaware limited partnership (the "Partnership").

In consideration of the promises set forth in the Employment Agreement among the Executive, the Company and the Partnership, effective as of ________________ (the "Employment Agreement"), the Executive agrees as follows:

1. General Release and Waiver of Claims.

(a) Release. In consideration of the payments and benefits provided to the Executive under the Employment Agreement and after consultation with counsel, the Executive and each of the Executive's respective heirs, executors, administrators, representatives, agents, successors and assigns (collectively, the "Releasors") hereby irrevocably and unconditionally release and forever discharge the Company, the Partnership and each of their respective subsidiaries and affiliates and each of their respective officers, employees, directors, shareholders and agents ("Releasees") from any and all claims, actions, causes of action, rights, judgments, obligations, damages, demands, accountings or liabilities of whatever kind or character (collectively, "Claims"), including, without limitation, any Claims under any federal, state, local or foreign law, that the Releasors may have or in the future may possess, arising out (i) of the Executive's employment relationship with and service as an employee, officer or director of the Company and the Partnership, and the termination of such relationship or service and (ii) any event, condition, circumstance or obligation that occurred, existed or arose on or prior to the date hereof; provided, however, that notwithstanding anything else herein to the contrary, this Agreement shall not affect: the obligations of the Company, the Partnership or the Executive set forth in the Employment Agreement or other obligations that, in each case, by their terms, are to be performed after the date hereof by the Company, the Partnership or the Executive (including, without limitation, obligations to the Executive under the Employment Agreement for any severance or similar payments or benefits, under any stock option, stock or equity-based award, plan or agreements, or payments or obligations under any pension plan or other benefit or deferred compensation plan, all of which shall remain in effect in accordance with their terms); any indemnification or similar rights the Executive has as a current or former officer or director of the Company or the Partnership, including, without limitation, any and all rights thereto referenced in the Employment Agreement, the Company's bylaws, the Partnership's partnership agreement, other governance documents or any rights with respect to directors' and officers' insurance policies; the Executive's right to reimbursement of business expenses; and any Claims the Releasors may have against the Releasees in the event that the Company or any member of the Releasees brings any Claims against the Executive or any member of the Releasors. In addition, this release does not cover any Claim that cannot be so released as a matter of applicable law. Notwithstanding anything to the contrary herein, nothing in this

Agreement prohibits the Executive from filing a charge with or participating in an investigation conducted by any state or federal government agencies. However, the Executive does waive, to the maximum extent permitted by law, the right to receive any monetary or other recovery, should any agency or any other person pursue any claims on the Executive's behalf arising out of any claim released pursuant to this Agreement. For clarity, and as required by law, such waiver does not prevent the Executive from accepting a whistleblower award from the Securities and Exchange Commission pursuant to Section 21F of the Securities Exchange Act of 1934, as amended.

(a) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive under the Employment Agreement, the Releasors hereby unconditionally release and forever discharge the Releasees from any and all Claims that the Releasors may have as of the date the Executive signs this Agreement arising under the Federal Age Discrimination in Employment Act of 1967, as amended, and the applicable rules and regulations promulgated thereunder ("ADEA"). By signing this Agreement, the Executive hereby acknowledges and confirms the following: (i) the Executive was advised by the Company in connection with his termination to consult with an attorney of his choice prior to signing this Agreement and to have such attorney explain to the Executive the terms of this Agreement, including, without limitation, the terms relating to the Executive's release of claims arising under ADEA, and the Executive has in fact consulted with an attorney; (ii) the Executive was given a period of not fewer than twenty-one (21) calendar days to consider the terms of this Agreement and to consult with an attorney of his choosing with respect thereto; and (iii) the Executive knowingly and voluntarily accepts the terms of this Agreement. The Executive also understands that he has seven (7) calendar days following the date on which he signs this Agreement within which to revoke the release contained in this paragraph, by providing the Company a written notice of his revocation of the release and waiver contained in this paragraph.

(b) No Assignment. The Executive represents and warrants that he has

not assigned any of the Claims being released under this Agreement.

1. Proceedings. The Executive has not filed, and agrees not to initiate or cause to be initiated on his behalf, any complaint, charge, claim or proceeding against the Releasees before any local, state or federal agency, court or other body, other than with respect to the obligations of the Company or the Partnership to the Executive under the Employment Agreement or in respect of any other matter described in the proviso to Section l(a) (each, individually, a "Proceeding"), and agrees not to participate voluntarily in any Proceeding. The Executive waives any right he may have to benefit in any manner from any relief (whether monetary or otherwise) arising out of any Proceeding.

2. Remedies. In the event the Executive initiates or voluntarily participates in any Proceeding following his receipt of written notice from the Company and a failure to cease such participation within thirty (30) calendar days following receipt of such notice, or if he revokes the ADEA release contained in Section 1(b) of this Agreement within the seven (7)-calendar-day period provided under Section 1(b), the Company may, in addition to any other remedies it may have, reclaim any amounts paid to him under the termination provisions of the Employment

Agreement or terminate any benefits or payments that are subsequently due under the Employment Agreement, without waiving the release granted herein. The Executive understands that by entering into this Agreement he will be limiting the availability of certain remedies that he may have against the Company and the Partnership and limiting also his ability to pursue certain claims against the Company and the Partnership.

1. Section 1542 of the Civil Code of the State of California Waiver. The Executive acknowledges that he may hereafter discover Claims or facts in addition to or different from those which the Executive knows or believes to exist with respect to the subject matter of this Agreement and which, if now or suspected at the time of executing this Agreement, may have materially affected this release contained in this Agreement or the Executive's decision to enter into this Agreement. Nevertheless, the Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts and the Releasors hereby expressly waive any and all rights and benefits conferred upon the Releasors by the provision of Section 1542 of the Civil Code of the State of California, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

1. Severability Clause. In the event any provision or part of this Agreement is found to be invalid or unenforceable, only that particular provision or part so found, and not the entire Agreement, will be inoperative.

2. Nonadmission. Nothing contained in this Agreement will be deemed or construed as an admission of wrongdoing or liability on the part of the Company or the Partnership.

3. Governing Law. All matters affecting this Agreement, including the validity thereof, are to be governed by, and interpreted and construed in accordance with, the laws of the State of California applicable to contracts executed in and to be performed in that State.

4. Notices. All notices or communications hereunder shall be in writing, addressed as provided in Section 15(e) of the Employment Agreement.

THE EXECUTIVE ACKNOWLEDGES THAT HE HAS READ THIS AGREEMENT AND THAT HE FULLY KNOWS, UNDERSTANDS AND APPRECIATES ITS CONTENTS, AND THAT HE HEREBY EXECUTES THE SAME AND MAKES THIS AGREEMENT AND THE RELEASE AGREEMENTS PROVIDED HEREIN VOLUNTARILY AND OF HIS OWN FREE WILL.

IN WITNESS WHEREOF, the Executive has executed this Agreement on the date first set forth below.

THE EXECUTIVE

____

[NAME]

Date of Execution: _____________________

Exhibit 10.2

THE MACERICH COMPANY

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement, effective as of January 1, 2020 (this “Amendment”), is made by and between The Macerich Company, a Maryland corporation (the “Company”), and Thomas E. O’Hern (the “Executive”).

WHEREAS, the Company and the Executive entered into that certain Employment Agreement dated as of April 26, 2018 (the “Employment Agreement”); and

WHEREAS, the Company and the Executive desire to amend certain terms of the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company and the Executive agree as follows:

1. The sections of the Employment Agreement titled “Vacation” and “Personal Days” shall be deleted in their entirety in accordance with the Company’s Routine Time Off Policy, effective as of January 1, 2020.

2. Except as expressly amended hereby, the Employment Agreement shall be and remain in full force and effect in accordance with its terms.

3. All capitalized undefined terms used in this Amendment shall have the meanings assigned to them in the Employment Agreement.

4. This Amendment may be executed in counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and same instrument.

In Witness Whereof, the parties hereto have caused this Amendment to be duly executed effective as of the date and year first above written.

THE MACERICH COMPANY, a Maryland corporation

By: /s/ Steven R. Hash
Steven R. Hash, Chairman of the Board

Executive:

/s/ Thomas E. O’Hern
Thomas E. O’Hern

Exhibit 10.3

THE MACERICH COMPANY

FIRST AMENDMENT TO AMENDED AND RESTATED OFFER OF EMPLOYMENT

This First Amendment to the Amended and Restated Offer of Employment, effective as of January 1, 2020 (this "Amendment"), is made by and between The Macerich Company, a Maryland corporation (the "Company"), and Ann C. Menard (the "Executive").

WHEREAS, the Company and the Executive entered into that certain Amended and Restated Offer of Employment dated as of April 30, 2018 (the "Employment Agreement"); and

WHEREAS, the Company and the Executive desire to amend certain terms of the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the premises and mutual covenants contained herein and for other good and valuable consideration, the receipt of which is mutually acknowledged, the Company and the Executive agree as follows:

1. The sections of the Employment Agreement titled "Vacation" and "Personal Days" shall be deleted in their entirety in accordance with the Company's Routine Time Off Policy, effective as of January 1, 2020.

2. Except as expressly amended hereby, the Employment Agreement shall be and remain in full force and effect in accordance with its terms.

3. All capitalized undefined terms used in this Amendment shall have the meanings assigned to them in the Employment Agreement.

4. This Amendment may be executed in counterparts, each of which when executed and delivered is an original, but all of which taken together constitute one and same instrument.

In Witness Whereof, the parties hereto have caused this Amendment to be duly executed effective as of the date and year first above written.

THE MACERICH COMPANY, a Maryland corporation

By: /s/ Thomas E. O'Hern
Thomas E. O'Hern, Chief Executive Officer

Executive:

/s/ Ann C. Menard
Ann C. Menard

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 September 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

Date: November 5, 2019

Chief Executive Officer

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 September 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

Date: November 5, 2019

Executive Vice President and Chief Financial Officer

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 September 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: November 5, 2019

/s/ THOMAS E. O'HERN

Chief Executive Officer

/s/ SCOTT W. KINGSMORE

Executive Vice President and Chief Financial Officer