0000912242FALSE12/312021Q200009122422021-01-012021-06-30xbrli:shares00009122422021-08-05iso4217:USD00009122422021-06-3000009122422020-12-31iso4217:USDxbrli:shares00009122422021-04-012021-06-3000009122422020-04-012020-06-3000009122422020-01-012020-06-300000912242us-gaap:RealEstateOtherMember2021-04-012021-06-300000912242us-gaap:RealEstateOtherMember2020-04-012020-06-300000912242us-gaap:RealEstateOtherMember2021-01-012021-06-300000912242us-gaap:RealEstateOtherMember2020-01-012020-06-300000912242us-gaap:ManagementServiceMember2021-04-012021-06-300000912242us-gaap:ManagementServiceMember2020-04-012020-06-300000912242us-gaap:ManagementServiceMember2021-01-012021-06-300000912242us-gaap:ManagementServiceMember2020-01-012020-06-300000912242us-gaap:RealEstateMember2021-04-012021-06-300000912242us-gaap:RealEstateMember2020-04-012020-06-300000912242us-gaap:RealEstateMember2021-01-012021-06-300000912242us-gaap:RealEstateMember2020-01-012020-06-300000912242us-gaap:CommonStockMember2021-03-310000912242us-gaap:AdditionalPaidInCapitalMember2021-03-310000912242us-gaap:RetainedEarningsMember2021-03-310000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-03-310000912242us-gaap:ParentMember2021-03-310000912242us-gaap:NoncontrollingInterestMember2021-03-3100009122422021-03-310000912242us-gaap:RetainedEarningsMember2021-04-012021-06-300000912242us-gaap:ParentMember2021-04-012021-06-300000912242us-gaap:NoncontrollingInterestMember2021-04-012021-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-04-012021-06-300000912242us-gaap:CommonStockMember2021-04-012021-06-300000912242us-gaap:AdditionalPaidInCapitalMember2021-04-012021-06-300000912242us-gaap:CommonStockMember2021-06-300000912242us-gaap:AdditionalPaidInCapitalMember2021-06-300000912242us-gaap:RetainedEarningsMember2021-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-06-300000912242us-gaap:ParentMember2021-06-300000912242us-gaap:NoncontrollingInterestMember2021-06-300000912242us-gaap:CommonStockMember2020-03-310000912242us-gaap:AdditionalPaidInCapitalMember2020-03-310000912242us-gaap:RetainedEarningsMember2020-03-310000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2020-03-310000912242us-gaap:ParentMember2020-03-310000912242us-gaap:NoncontrollingInterestMember2020-03-3100009122422020-03-310000912242us-gaap:RetainedEarningsMember2020-04-012020-06-300000912242us-gaap:ParentMember2020-04-012020-06-300000912242us-gaap:NoncontrollingInterestMember2020-04-012020-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2020-04-012020-06-300000912242us-gaap:CommonStockMember2020-04-012020-06-300000912242us-gaap:AdditionalPaidInCapitalMember2020-04-012020-06-300000912242us-gaap:CommonStockMember2020-06-300000912242us-gaap:AdditionalPaidInCapitalMember2020-06-300000912242us-gaap:RetainedEarningsMember2020-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2020-06-300000912242us-gaap:ParentMember2020-06-300000912242us-gaap:NoncontrollingInterestMember2020-06-3000009122422020-06-300000912242us-gaap:CommonStockMember2020-12-310000912242us-gaap:AdditionalPaidInCapitalMember2020-12-310000912242us-gaap:RetainedEarningsMember2020-12-310000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2020-12-310000912242us-gaap:ParentMember2020-12-310000912242us-gaap:NoncontrollingInterestMember2020-12-310000912242us-gaap:RetainedEarningsMember2021-01-012021-06-300000912242us-gaap:ParentMember2021-01-012021-06-300000912242us-gaap:NoncontrollingInterestMember2021-01-012021-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2021-01-012021-06-300000912242us-gaap:CommonStockMember2021-01-012021-06-300000912242us-gaap:AdditionalPaidInCapitalMember2021-01-012021-06-300000912242us-gaap:CommonStockMember2019-12-310000912242us-gaap:AdditionalPaidInCapitalMember2019-12-310000912242us-gaap:RetainedEarningsMember2019-12-310000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2019-12-310000912242us-gaap:ParentMember2019-12-310000912242us-gaap:NoncontrollingInterestMember2019-12-3100009122422019-12-310000912242us-gaap:RetainedEarningsMember2020-01-012020-06-300000912242us-gaap:ParentMember2020-01-012020-06-300000912242us-gaap:NoncontrollingInterestMember2020-01-012020-06-300000912242us-gaap:AccumulatedOtherComprehensiveIncomeMember2020-01-012020-06-300000912242us-gaap:CommonStockMember2020-01-012020-06-300000912242us-gaap:AdditionalPaidInCapitalMember2020-01-012020-06-30xbrli:pure0000912242mac:TheMacerichPartnershipLPMember2021-06-30mac:entity0000912242us-gaap:VariableInterestEntityPrimaryBeneficiaryMember2021-06-300000912242us-gaap:VariableInterestEntityPrimaryBeneficiaryMember2020-12-310000912242mac:PreferredNonparticipatingConvertibleUnitsMember2021-04-012021-06-300000912242mac:PreferredNonparticipatingConvertibleUnitsMember2020-04-012020-06-300000912242mac:PreferredNonparticipatingConvertibleUnitsMember2021-01-012021-06-300000912242mac:PreferredNonparticipatingConvertibleUnitsMember2020-01-012020-06-300000912242mac:PartnershipUnitsMember2021-04-012021-06-300000912242mac:PartnershipUnitsMember2020-04-012020-06-300000912242mac:PartnershipUnitsMember2021-01-012021-06-300000912242mac:PartnershipUnitsMember2020-01-012020-06-300000912242mac:TysonsCornerLLCMemberus-gaap:CorporateJointVentureMember2020-11-170000912242mac:TysonsCornerLLCMemberus-gaap:CorporateJointVentureMember2020-11-172020-11-170000912242us-gaap:ScenarioPlanMembermac:TysonsCornerLLCMemberus-gaap:CorporateJointVentureMember2020-11-172020-11-170000912242mac:TysonsCornerLLCMember2020-11-172020-11-170000912242mac:FashionDistrictPhiladelphiaMemberus-gaap:CorporateJointVentureMember2020-12-102020-12-100000912242mac:FashionDistrictPhiladelphiaMemberus-gaap:CorporateJointVentureMember2020-12-090000912242mac:FashionDistrictPhiladelphiaMemberus-gaap:CorporateJointVentureMember2020-12-100000912242us-gaap:CorporateJointVentureMembermac:FashionDistrictPhiladelphiaMember2020-12-102020-12-100000912242us-gaap:CorporateJointVentureMemberus-gaap:LondonInterbankOfferedRateLIBORMembermac:FashionDistrictPhiladelphiaMember2020-12-102020-12-100000912242us-gaap:CorporateJointVentureMemberus-gaap:BaseRateMembermac:FashionDistrictPhiladelphiaMember2020-12-102020-12-100000912242us-gaap:CorporateJointVentureMembermac:FashionDistrictPhiladelphiaMember2020-12-100000912242us-gaap:CoVenturerMembermac:FashionDistrictPhiladelphiaMember2020-12-100000912242us-gaap:CorporateJointVentureMembermac:FlatIronCrossingMember2020-12-292020-12-290000912242us-gaap:CorporateJointVentureMembermac:FlatIronCrossingMember2020-12-280000912242us-gaap:CorporateJointVentureMembermac:FlatIronCrossingMember2020-12-290000912242mac:FlatIronCrossingMember2020-12-292020-12-29mac:property0000912242us-gaap:CorporateJointVentureMember2020-12-310000912242mac:SearsSouthPlainsMember2020-12-310000912242mac:ParadiseValleyMallMemberus-gaap:CorporateJointVentureMember2021-03-290000912242mac:ParadiseValleyMallMemberus-gaap:CorporateJointVentureMember2021-03-292021-03-290000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-12-310000912242us-gaap:CorporateJointVentureMember2021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMembermac:PacificPremierRetailLLCMember2021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMembermac:PacificPremierRetailLLCMember2020-12-310000912242us-gaap:CorporateJointVentureMember2021-04-012021-06-300000912242us-gaap:CorporateJointVentureMember2020-04-012020-06-300000912242us-gaap:CorporateJointVentureMember2021-01-012021-06-300000912242us-gaap:CorporateJointVentureMember2020-01-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242us-gaap:RealEstateOtherMembermac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242us-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-04-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242us-gaap:RealEstateOtherMembermac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242us-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-04-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242us-gaap:RealEstateOtherMembermac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242us-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2021-01-012021-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242us-gaap:RealEstateOtherMembermac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242us-gaap:RealEstateOtherMemberus-gaap:CorporateJointVentureMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242mac:PacificPremierRetailLPMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242mac:OtherJointVenturesMemberus-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-300000912242us-gaap:CorporateJointVentureMemberus-gaap:RealEstateMemberus-gaap:EquityMethodInvestmentNonconsolidatedInvesteeOrGroupOfInvesteesMember2020-01-012020-06-30mac:derivative0000912242us-gaap:InterestRateCapMemberus-gaap:FairValueInputsLevel2Member2021-06-300000912242us-gaap:InterestRateCapMemberus-gaap:FairValueInputsLevel2Member2020-12-310000912242us-gaap:FairValueInputsLevel2Memberus-gaap:InterestRateSwapMember2021-06-300000912242us-gaap:FairValueInputsLevel2Memberus-gaap:InterestRateSwapMember2020-12-310000912242mac:SantaMonicaPlaceSwappedMemberus-gaap:InterestRateSwapMember2021-04-140000912242us-gaap:LandBuildingsAndImprovementsMember2021-04-012021-06-300000912242us-gaap:LandBuildingsAndImprovementsMember2020-04-012020-06-300000912242us-gaap:LandBuildingsAndImprovementsMember2021-01-012021-06-300000912242us-gaap:LandBuildingsAndImprovementsMember2020-01-012020-06-300000912242us-gaap:LandMember2021-04-012021-06-300000912242us-gaap:LandMember2020-04-012020-06-300000912242us-gaap:LandMember2021-01-012021-06-300000912242us-gaap:LandMember2020-01-012020-06-300000912242mac:ParadiseValleyMallMember2021-01-012021-06-300000912242mac:ParadiseValleyMallMember2021-04-012021-06-300000912242mac:EstrellaFallsMember2021-01-012021-06-300000912242mac:WiltonMallMember2020-01-012020-06-300000912242mac:ParadiseValleyMallMember2020-01-012020-06-300000912242mac:ParadiseValleyMallMemberus-gaap:LandMember2021-01-012021-06-300000912242mac:ParadiseValleyMallMemberus-gaap:LandMember2021-04-012021-06-300000912242us-gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsNonrecurringMember2020-06-300000912242us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsNonrecurringMember2020-06-300000912242us-gaap:FairValueMeasurementsNonrecurringMemberus-gaap:FairValueInputsLevel3Member2020-06-300000912242us-gaap:FairValueInputsLevel1Memberus-gaap:FairValueMeasurementsNonrecurringMember2021-06-300000912242us-gaap:FairValueInputsLevel2Memberus-gaap:FairValueMeasurementsNonrecurringMember2021-06-300000912242us-gaap:FairValueMeasurementsNonrecurringMemberus-gaap:FairValueInputsLevel3Member2021-06-300000912242us-gaap:AccruedIncomeReceivableMember2021-06-300000912242us-gaap:AccruedIncomeReceivableMember2020-12-31mac:lease0000912242us-gaap:LeasesAcquiredInPlaceMember2021-06-300000912242us-gaap:LeasesAcquiredInPlaceMember2020-12-310000912242us-gaap:LeasesAcquiredInPlaceMember2021-04-012021-06-300000912242us-gaap:LeasesAcquiredInPlaceMember2020-04-012020-06-300000912242us-gaap:LeasesAcquiredInPlaceMember2021-01-012021-06-300000912242us-gaap:LeasesAcquiredInPlaceMember2020-01-012020-06-300000912242us-gaap:AboveMarketLeasesMember2021-06-300000912242us-gaap:AboveMarketLeasesMember2020-12-310000912242mac:BelowMarketLeaseMember2021-06-300000912242mac:BelowMarketLeaseMember2020-12-310000912242mac:ChandlerFashionCenterMortgageMember2021-06-300000912242mac:ChandlerFashionCenterMortgageMember2020-12-310000912242mac:ChandlerFashionCenterMortgageMember2021-01-012021-06-300000912242mac:DanburyFairMallMortgageMember2021-06-300000912242mac:DanburyFairMallMortgageMember2020-12-310000912242mac:DanburyFairMallMortgageMember2021-01-012021-06-300000912242mac:FashionDistrictPhiladelphiaMember2021-06-300000912242mac:FashionDistrictPhiladelphiaMember2020-12-310000912242mac:FashionDistrictPhiladelphiaMember2021-01-012021-06-300000912242mac:FashionOutletsOfChicagoMortgageMember2021-06-300000912242mac:FashionOutletsOfChicagoMortgageMember2020-12-310000912242mac:FashionOutletsOfChicagoMortgageMember2021-01-012021-06-300000912242mac:FashionOutletsAtNiagaraMortgageMember2021-06-300000912242mac:FashionOutletsAtNiagaraMortgageMember2020-12-310000912242mac:FashionOutletsAtNiagaraMortgageMember2021-01-012021-06-300000912242mac:FreeholdRacewayMallMortgageMember2021-06-300000912242mac:FreeholdRacewayMallMortgageMember2020-12-310000912242mac:FreeholdRacewayMallMortgageMember2021-01-012021-06-300000912242mac:FresnoFashionFairMember2021-06-300000912242mac:FresnoFashionFairMember2020-12-310000912242mac:FresnoFashionFairMember2021-01-012021-06-300000912242mac:GreenAcresCommonsMember2021-06-300000912242mac:GreenAcresCommonsMember2020-12-310000912242mac:GreenAcresCommonsMember2021-01-012021-06-300000912242mac:GreenAcreCommonSwappedMember2021-06-300000912242mac:GreenAcreCommonSwappedMember2020-12-310000912242mac:GreenAcreCommonSwappedMember2021-01-012021-06-300000912242mac:GreenAcresMallMember2021-06-300000912242mac:GreenAcresMallMember2020-12-310000912242mac:GreenAcresMallMember2021-01-012021-06-300000912242mac:KingsPlazaMortgageMember2021-06-300000912242mac:KingsPlazaMortgageMember2020-12-310000912242mac:KingsPlazaMortgageMember2021-01-012021-06-300000912242mac:TheOaksOneMortgageMember2021-06-300000912242mac:TheOaksOneMortgageMember2020-12-310000912242mac:TheOaksOneMortgageMember2021-01-012021-06-300000912242mac:PacificViewMortgageMember2021-06-300000912242mac:PacificViewMortgageMember2020-12-310000912242mac:PacificViewMortgageMember2021-01-012021-06-300000912242mac:QueensCenterMember2021-06-300000912242mac:QueensCenterMember2020-12-310000912242mac:QueensCenterMember2021-01-012021-06-300000912242mac:SantaMonicaPlaceSwappedMember2021-06-300000912242mac:SantaMonicaPlaceSwappedMember2020-12-310000912242mac:SantaMonicaPlaceSwappedMember2021-01-012021-06-300000912242mac:SanTanVillageRegionalCenterMortgageMember2021-06-300000912242mac:SanTanVillageRegionalCenterMortgageMember2020-12-310000912242mac:SanTanVillageRegionalCenterMortgageMember2021-01-012021-06-300000912242mac:TowneMallMortgageMember2021-06-300000912242mac:TowneMallMortgageMember2020-12-310000912242mac:TowneMallMortgageMember2021-01-012021-06-300000912242mac:TucsonLaEncantadaMortgageMember2021-06-300000912242mac:TucsonLaEncantadaMortgageMember2020-12-310000912242mac:TucsonLaEncantadaMortgageMember2021-01-012021-06-300000912242mac:MallOfVictorValleyMortgageMember2021-06-300000912242mac:MallOfVictorValleyMortgageMember2020-12-310000912242mac:MallOfVictorValleyMortgageMember2021-01-012021-06-300000912242mac:VintageFaireMallMortgageMember2021-06-300000912242mac:VintageFaireMallMortgageMember2020-12-310000912242mac:VintageFaireMallMortgageMember2021-01-012021-06-300000912242mac:GreenAcresCommonsMember2021-03-252021-03-250000912242mac:GreenAcresCommonsMemberus-gaap:LondonInterbankOfferedRateLIBORMember2021-03-250000912242mac:GreenAcreCommonSwappedMemberus-gaap:InterestRateSwapMember2021-06-300000912242mac:GreenAcresMallMember2021-01-222021-01-220000912242mac:SantaMonicaPlaceSwappedMemberus-gaap:InterestRateSwapMember2021-06-300000912242mac:NewCreditAgreementMemberus-gaap:LineOfCreditMember2021-04-140000912242us-gaap:LineOfCreditMembermac:RevolvingLoanFacilityMaturesOnApril142023Memberus-gaap:RevolvingCreditFacilityMember2021-04-140000912242us-gaap:LineOfCreditMembermac:RevolvingLoanFacilityMaturesOnApril142023Memberus-gaap:RevolvingCreditFacilityMember2021-04-142021-04-140000912242mac:TermLoanMembermac:TermLoanFacilityMaturesOnApril142024Member2021-04-140000912242mac:TermLoanMembermac:TermLoanFacilityMaturesOnApril142024Member2021-04-142021-04-140000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMember2021-04-142021-04-140000912242mac:NewCreditAgreementMemberus-gaap:LineOfCreditMemberus-gaap:LondonInterbankOfferedRateLIBORMembersrt:MinimumMember2021-04-142021-04-140000912242mac:NewCreditAgreementMemberus-gaap:LineOfCreditMemberus-gaap:LondonInterbankOfferedRateLIBORMembersrt:MaximumMember2021-04-142021-04-140000912242mac:NewCreditAgreementMemberus-gaap:LineOfCreditMemberus-gaap:LondonInterbankOfferedRateLIBORMember2021-06-300000912242mac:NewCreditAgreementMemberus-gaap:LineOfCreditMember2021-06-300000912242us-gaap:LineOfCreditMembermac:RevolvingLoanFacilityMaturesOnApril142023Memberus-gaap:RevolvingCreditFacilityMember2021-01-012021-06-300000912242us-gaap:LineOfCreditMembermac:RevolvingLoanFacilityMaturesOnApril142023Memberus-gaap:RevolvingCreditFacilityMember2021-06-300000912242mac:TermLoanMembermac:TermLoanFacilityMaturesOnApril142024Member2021-01-012021-06-300000912242us-gaap:LineOfCreditMemberus-gaap:FairValueInputsLevel2Membermac:RevolvingLoanFacilityMaturesOnApril142023Memberus-gaap:RevolvingCreditFacilityMember2021-06-300000912242us-gaap:FairValueInputsLevel2Memberus-gaap:LineOfCreditMembermac:TermLoanFacilityMaturesOnApril142024Member2021-06-300000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:RevolvingCreditFacilityMember2021-06-300000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:LondonInterbankOfferedRateLIBORMembersrt:MinimumMemberus-gaap:RevolvingCreditFacilityMember2021-01-012021-06-300000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:LondonInterbankOfferedRateLIBORMembersrt:MaximumMemberus-gaap:RevolvingCreditFacilityMember2021-01-012021-06-300000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMember2020-12-310000912242us-gaap:InterestRateSwapMember2021-06-300000912242us-gaap:LineOfCreditMembermac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:RevolvingCreditFacilityMember2020-12-310000912242mac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:RevolvingCreditFacilityMember2021-01-012021-06-300000912242mac:PriorRevolvingLineOfCreditFacilityMemberus-gaap:FairValueInputsLevel2Memberus-gaap:LineOfCreditMember2020-12-310000912242mac:FinancingArrangementMembermac:FreeholdRacewayMallAndChandlerFashionCenterMember2009-09-302009-09-30utr:sqft0000912242mac:ChandlerFashionCenterMembermac:FinancingArrangementMember2009-09-300000912242mac:FreeholdRacewayMallMembermac:FinancingArrangementMember2009-09-30iso4217:USDutr:sqft0000912242srt:MinimumMembermac:FinancingArrangementMember2020-12-310000912242srt:MinimumMembermac:FinancingArrangementMember2021-06-300000912242srt:MaximumMembermac:FinancingArrangementMember2021-06-300000912242srt:MaximumMembermac:FinancingArrangementMember2020-12-310000912242us-gaap:CorporateJointVentureMembermac:FinancingArrangementMember2021-04-012021-06-300000912242us-gaap:CorporateJointVentureMembermac:FinancingArrangementMember2020-04-012020-06-300000912242us-gaap:CorporateJointVentureMembermac:FinancingArrangementMember2021-01-012021-06-300000912242us-gaap:CorporateJointVentureMembermac:FinancingArrangementMember2020-01-012020-06-300000912242mac:TheMacerichPartnershipLPMember2020-12-3100009122422020-06-032020-06-0300009122422021-03-162021-03-1600009122422020-05-202020-05-220000912242mac:February2021ATMProgramMember2021-02-010000912242mac:March2021ATMProgramMember2021-03-260000912242mac:ATMProgramsMember2021-06-300000912242mac:ATMProgramsMember2021-01-012021-06-300000912242mac:ATMProgramsMember2021-04-012021-06-3000009122422017-02-120000912242us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMembermac:ParadiseValleyMallMember2021-03-292021-03-290000912242us-gaap:DisposalGroupDisposedOfBySaleNotDiscontinuedOperationsMembermac:ParadiseValleyMallMember2021-03-290000912242us-gaap:LetterOfCreditMemberus-gaap:SecuredDebtMember2021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMemberus-gaap:ManagementServiceMember2021-04-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMemberus-gaap:ManagementServiceMember2020-04-012020-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMemberus-gaap:ManagementServiceMember2021-01-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMemberus-gaap:ManagementServiceMember2020-01-012020-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMembermac:DevelopmentandLeasingFeesMember2021-04-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMembermac:DevelopmentandLeasingFeesMember2020-04-012020-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMembermac:DevelopmentandLeasingFeesMember2021-01-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMembermac:DevelopmentandLeasingFeesMember2020-01-012020-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMember2021-04-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMember2020-04-012020-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMember2021-01-012021-06-300000912242mac:UnconsolidatedJointVenturesAndThirdPartyManagedPropertiesMember2020-01-012020-06-300000912242mac:UnconsolidatedJointVenturesMember2021-06-300000912242mac:UnconsolidatedJointVenturesMember2020-12-310000912242mac:StockUnitsMember2021-01-012021-06-300000912242mac:LongTermIncentivePlanMember2021-01-012021-06-300000912242mac:LongTermIncentivePlanServicebasedMember2021-01-012021-06-300000912242mac:LongTermIncentivePlanMarketbasedMember2021-01-012021-06-300000912242mac:LongTermIncentivePlanMembermac:January12021Member2020-01-012020-01-010000912242mac:LongTermIncentivePlanMember2020-12-310000912242us-gaap:PhantomShareUnitsPSUsMember2020-12-310000912242mac:StockUnitsMember2020-12-310000912242us-gaap:PhantomShareUnitsPSUsMember2021-01-012021-06-300000912242mac:LongTermIncentivePlanMember2021-06-300000912242us-gaap:PhantomShareUnitsPSUsMember2021-06-300000912242mac:StockUnitsMember2021-06-300000912242us-gaap:EmployeeStockOptionMember2020-12-310000912242us-gaap:EmployeeStockOptionMember2021-01-012021-06-300000912242us-gaap:EmployeeStockOptionMember2021-06-300000912242mac:LongTermIncentivePlanMember2021-04-012021-06-300000912242mac:LongTermIncentivePlanMember2020-04-012020-06-300000912242mac:LongTermIncentivePlanMember2020-01-012020-06-300000912242mac:StockUnitsMember2021-04-012021-06-300000912242mac:StockUnitsMember2020-04-012020-06-300000912242mac:StockUnitsMember2020-01-012020-06-300000912242us-gaap:EmployeeStockOptionMember2021-04-012021-06-300000912242us-gaap:EmployeeStockOptionMember2020-04-012020-06-300000912242us-gaap:EmployeeStockOptionMember2020-01-012020-06-300000912242us-gaap:PhantomShareUnitsPSUsMember2021-04-012021-06-300000912242us-gaap:PhantomShareUnitsPSUsMember2020-04-012020-06-300000912242us-gaap:PhantomShareUnitsPSUsMember2020-01-012020-06-300000912242us-gaap:SubsequentEventMember2021-07-302021-07-30

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | | |

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

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

**For the quarterly period ended June 30, 2021**

☐ 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) | | | | | | | | | | | |  | | | (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 (Section 232.405 of this chapter) during the preceding twelve (12) months (or for such shorter period that the registrant was required to submit such files). Yes ☒        No ☐

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

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

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

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

Number of shares outstanding as of August 5, 2021 of the registrant's common stock, par value $0.01 per share: 213,008,898 shares

|  |  |  |
| --- | --- | --- |
|  |  |  |
|  | | |

**THE MACERICH COMPANY**

**FORM 10-Q**

**INDEX**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Part I** | | |  | | | Financial Information | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 1.](#i22e09c8810d442e985623fe787bbc586_10) | | |  | | | [Financial Statements (Unaudited)](#i22e09c8810d442e985623fe787bbc586_10) | | |  | | | [3](#i22e09c8810d442e985623fe787bbc586_10) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Consolidated Balance Sheets as of June 30, 2021 and December 31, 20](#i22e09c8810d442e985623fe787bbc586_13)20 | | |  | | | [3](#i22e09c8810d442e985623fe787bbc586_13) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Consolidated Statements of Operations for the three and six months ended June 30, 2021 and 20](#i22e09c8810d442e985623fe787bbc586_16)20 | | |  | | | [4](#i22e09c8810d442e985623fe787bbc586_16) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Consolidated Statements of Comprehensive (Loss) Income for the three and six months ended June 30, 2021 and 20](#i22e09c8810d442e985623fe787bbc586_19)20 | | |  | | | [5](#i22e09c8810d442e985623fe787bbc586_19) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Consolidated Statements of Equity for the three and six months ended June 30, 2021 and 20](#i22e09c8810d442e985623fe787bbc586_25)20 | | |  | | | [6](#i22e09c8810d442e985623fe787bbc586_22) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Consolidated Statements of Cash Flows for the six months ended June 30, 2021 and 2020](#i22e09c8810d442e985623fe787bbc586_28) | | |  | | | [8](#i22e09c8810d442e985623fe787bbc586_28) | | |
|  | | |  | | |  | | |  | | |  | | |
|  | | |  | | | [Notes to Consolidated Financial Statements](#i22e09c8810d442e985623fe787bbc586_31) | | |  | | | [10](#i22e09c8810d442e985623fe787bbc586_31) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 2.](#i22e09c8810d442e985623fe787bbc586_103) | | |  | | | [Management's Discussion and Analysis of Financial Condition and Results of Operations](#i22e09c8810d442e985623fe787bbc586_103) | | |  | | | [28](#i22e09c8810d442e985623fe787bbc586_103) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 3.](#i22e09c8810d442e985623fe787bbc586_127) | | |  | | | [Quantitative and Qualitative Disclosures About Market Risk](#i22e09c8810d442e985623fe787bbc586_127) | | |  | | | [43](#i22e09c8810d442e985623fe787bbc586_127) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 4.](#i22e09c8810d442e985623fe787bbc586_130) | | |  | | | [Controls and Procedures](#i22e09c8810d442e985623fe787bbc586_130) | | |  | | | [44](#i22e09c8810d442e985623fe787bbc586_130) | | |
|  | | |  | | |  | | |  | | |  | | |
| **Part II** | | |  | | | **Other Information** | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 1.](#i22e09c8810d442e985623fe787bbc586_136) | | |  | | | [Legal Proceedings](#i22e09c8810d442e985623fe787bbc586_136) | | |  | | | [44](#i22e09c8810d442e985623fe787bbc586_136) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 1A.](#i22e09c8810d442e985623fe787bbc586_139) | | |  | | | [Risk Factors](#i22e09c8810d442e985623fe787bbc586_139) | | |  | | | [44](#i22e09c8810d442e985623fe787bbc586_139) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 2.](#i22e09c8810d442e985623fe787bbc586_142) | | |  | | | [Unregistered Sales of Equity Securities and Use of Proceeds](#i22e09c8810d442e985623fe787bbc586_142) | | |  | | | [45](#i22e09c8810d442e985623fe787bbc586_142) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 3.](#i22e09c8810d442e985623fe787bbc586_145) | | |  | | | [Defaults Upon Senior Securities](#i22e09c8810d442e985623fe787bbc586_145) | | |  | | | [45](#i22e09c8810d442e985623fe787bbc586_145) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 4.](#i22e09c8810d442e985623fe787bbc586_148) | | |  | | | [Mine Safety Disclosures](#i22e09c8810d442e985623fe787bbc586_148) | | |  | | | [45](#i22e09c8810d442e985623fe787bbc586_148) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 5.](#i22e09c8810d442e985623fe787bbc586_151) | | |  | | | [Other Information](#i22e09c8810d442e985623fe787bbc586_151) | | |  | | | [45](#i22e09c8810d442e985623fe787bbc586_151) | | |
|  | | |  | | |  | | |  | | |  | | |
| [Item 6.](#i22e09c8810d442e985623fe787bbc586_154) | | |  | | | [Exhibits](#i22e09c8810d442e985623fe787bbc586_154) | | |  | | | [46](#i22e09c8810d442e985623fe787bbc586_154) | | |
|  | | |  | | |  | | |  | | |  | | |
| [**Signature**](#i22e09c8810d442e985623fe787bbc586_157) | | | | | | | | |  | | | [48](#i22e09c8810d442e985623fe787bbc586_157) | | |

2

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED BALANCE SHEETS**

**(Dollars in thousands, except par value)**

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| ASSETS: | | |  | | |  | | |  | | |
| Property, net | | | $ | 6,432,877 |  |  | | | $ | 6,694,579 |  |
|  | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | 194,028 | |  |  | | | 465,297 | |  |
| Restricted cash | | | 69,298 | |  |  | | | 17,362 | |  |
| Tenant and other receivables, net | | | 186,254 | |  |  | | | 239,194 | |  |
| Right-of-use assets, net | | | 114,921 | |  |  | | | 118,355 | |  |
| Deferred charges and other assets, net | | | 270,963 | |  |  | | | 306,959 | |  |
|  | | |  | | |  | | |  | | |
| Due from affiliates | | | 4,812 | |  |  | | | 1,612 | |  |
| Investments in unconsolidated joint ventures | | | 1,370,299 | |  |  | | | 1,340,647 | |  |
| Total assets | | | $ | 8,643,452 |  |  | | | $ | 9,184,005 |  |
| LIABILITIES AND EQUITY: | | |  | | |  | | |  | | |
| Mortgage notes payable | | | $ | 4,518,108 |  |  | | | $ | 4,560,810 |  |
| Bank and other notes payable | | | 367,020 | |  |  | | | 1,477,540 | |  |
| Accounts payable and accrued expenses | | | 51,514 | |  |  | | | 68,825 | |  |
| Lease liabilities | | | 86,198 | |  |  | | | 90,216 | |  |
| Other accrued liabilities | | | 236,811 | |  |  | | | 298,594 | |  |
| Distributions in excess of investments in unconsolidated joint ventures | | | 124,779 | |  |  | | | 108,381 | |  |
| Financing arrangement obligation | | | 132,076 | |  |  | | | 134,379 | |  |
| Total liabilities | | | 5,516,506 | |  |  | | | 6,738,745 | |  |
| Commitments and contingencies | | |  | | |  | | |  | | |
| Equity: | | |  | | |  | | |  | | |
| Stockholders' equity: | | |  | | |  | | |  | | |
| Common stock, $0.01 par value, 500,000,000 and 250,000,000 shares authorized at June 30, 2021 and December 31, 2020, respectively, and 211,169,654 and 149,770,575 shares issued and outstanding at June 30, 2021 and December 31, 2020, respectively | | | 2,112 | |  |  | | | 1,498 | |  |
| Additional paid-in capital | | | 5,438,493 | |  |  | | | 4,603,378 | |  |
| Accumulated deficit | | | (2,469,336) | |  |  | | | (2,339,619) | |  |
| Accumulated other comprehensive loss | | | (2,775) | |  |  | | | (8,208) | |  |
| Total stockholders' equity | | | 2,968,494 | |  |  | | | 2,257,049 | |  |
| Noncontrolling interests | | | 158,452 | |  |  | | | 188,211 | |  |
| Total equity | | | 3,126,946 | |  |  | | | 2,445,260 | |  |
| Total liabilities and equity | | | $ | 8,643,452 |  |  | | | $ | 9,184,005 |  |

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

3

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED STATEMENTS OF OPERATIONS**

**(Dollars in thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Revenues: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Leasing revenue | | | $ | 196,987 |  |  | | | $ | 168,754 |  |  | | | $ | 376,522 |  |  | | | $ | 379,475 |  |
| Other | | | 11,855 | |  |  | | | 3,003 | |  |  | | | 17,176 | |  |  | | | 12,261 | |  |
| Management Companies | | | 6,631 | |  |  | | | 6,830 | |  |  | | | 12,199 | |  |  | | | 13,803 | |  |
| Total revenues | | | 215,473 | |  |  | | | 178,587 | |  |  | | | 405,897 | |  |  | | | 405,539 | |  |
| Expenses: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Shopping center and operating expenses | | | 67,655 | |  |  | | | 57,133 | |  |  | | | 143,810 | |  |  | | | 127,858 | |  |
| Leasing expenses | | | 6,637 | |  |  | | | 6,653 | |  |  | | | 11,803 | |  |  | | | 14,078 | |  |
| Management Companies' operating expenses | | | 15,021 | |  |  | | | 16,442 | |  |  | | | 29,864 | |  |  | | | 32,666 | |  |
| REIT general and administrative expenses | | | 6,679 | |  |  | | | 8,242 | |  |  | | | 14,766 | |  |  | | | 15,063 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Depreciation and amortization | | | 77,630 | |  |  | | | 80,294 | |  |  | | | 156,026 | |  |  | | | 162,507 | |  |
|  | | | 173,622 | |  |  | | | 168,764 | |  |  | | | 356,269 | |  |  | | | 352,172 | |  |
| Interest expense (income): | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Related parties | | | 2,954 | |  |  | | | (32,807) | |  |  | | | 4,273 | |  |  | | | (77,050) | |  |
| Other | | | 51,960 | |  |  | | | 52,841 | |  |  | | | 104,537 | |  |  | | | 105,158 | |  |
|  | | | 54,914 | |  |  | | | 20,034 | |  |  | | | 108,810 | |  |  | | | 28,108 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Total expenses | | | 228,536 | |  |  | | | 188,798 | |  |  | | | 465,079 | |  |  | | | 380,280 | |  |
| Equity in income (loss) of unconsolidated joint ventures | | | 20,035 | |  |  | | | (14,173) | |  |  | | | 21,945 | |  |  | | | (4,475) | |  |
| Income tax (expense) benefit | | | (7,107) | |  |  | | | 1,524 | |  |  | | | (9,345) | |  |  | | | 1,790 | |  |
| Loss on sale or write down of assets, net | | | (3,927) | |  |  | | | (3,867) | |  |  | | | (25,210) | |  |  | | | (40,570) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | (4,062) | |  |  | | | (26,727) | |  |  | | | (71,792) | |  |  | | | (17,996) | |  |
| Less net income (loss) attributable to noncontrolling interests | | | 7,703 | |  |  | | | (1,611) | |  |  | | | 3,577 | |  |  | | | (402) | |  |
| Net loss attributable to the Company | | | $ | (11,765) |  |  | | | $ | (25,116) |  |  | | | $ | (75,369) |  |  | | | $ | (17,594) |  |
| **Loss per common share—attributable to common stockholders:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Basic | | | $ | (0.06) |  |  | | | $ | (0.18) |  |  | | | $ | (0.42) |  |  | | | $ | (0.13) |  |
| Diluted | | | $ | (0.06) |  |  | | | $ | (0.18) |  |  | | | $ | (0.42) |  |  | | | $ | (0.13) |  |
| Weighted average number of common shares outstanding: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Basic | | | 205,757,000 | |  |  | | | 144,102,000 | |  |  | | | 182,299,000 | |  |  | | | 142,769,000 | |  |
| Diluted | | | 205,757,000 | |  |  | | | 144,102,000 | |  |  | | | 182,299,000 | |  |  | | | 142,769,000 | |  |

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

4

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

**(Dollars in thousands, except per share amounts)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Net loss | | | $ | (4,062) |  |  | | | $ | (26,727) |  |  | | | $ | (71,792) |  |  | | | $ | (17,996) |  |
| Other comprehensive income (loss): | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest rate cap/swap agreements | | | 2,739 | |  |  | | | 1,745 | |  |  | | | 5,433 | |  |  | | | (4,650) | |  |
| Comprehensive loss | | | (1,323) | |  |  | | | (24,982) | |  |  | | | (66,359) | |  |  | | | (22,646) | |  |
| Less net income (loss) attributable to noncontrolling interests | | | 7,703 | |  |  | | | (1,611) | |  |  | | | 3,577 | |  |  | | | (402) | |  |
| Comprehensive loss attributable to the Company | | | $ | (9,026) |  |  | | | $ | (23,371) |  |  | | | $ | (69,936) |  |  | | | $ | (22,244) |  |

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

5

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED STATEMENTS OF EQUITY**

**(Dollars in thousands, except per share data)**

**(Unaudited)**

**Three Months Ended June 30, 2021 and 2020**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | |  |  |  | | |  |  |  |  | |  |  |  |  |  |  |  |  | | | | | |  |  |  |  | |  |  | | | |  | |  |  |  |  | |  | | | |  |  |  | |  |  |  | | | |  |  |  |  |  |  | | | | | | |  |  |  |  |  |  | |  |
|  | | | | **Stockholders' Equity** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | | **Common Stock** | | | | | | | | | | | |  | | | **Additional  Paid-in  Capital** | | | | | | | |  | | | | **Accumulated  Deficit** | | | | | | |  | | | **Accumulated  Other  Comprehensive  (Loss) Income** | | | | | | |  | | | | **Total  Stockholders'  Equity** | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | | **Shares** | | | | |  | | | | **Par Value** | | |  | | |  | | | |  | | |  | | | |  | | | **Noncontrolling Interests** | | | | | | | | |  | | | **Total  Equity** | | | |
| Balance at April 1, 2021 | | | | 197,036,176 | | | |  |  | | | | $ | 1,971 |  |  | | | $ | 5,263,994 | | | | | |  |  | | | | $ | (2,426,555) | | | |  | |  | | | $ | | (5,514) | | | |  |  | | | | $ | 2,833,896 | | | |  |  | | | $ | 163,409 | | | | | | |  |  | | | $ | 2,997,305 | |  |
| Net (loss) income | | | | — | | | | |  | | | | — | | |  | | | — | | | | | | | |  | | | | (11,765) | | | | |  | |  | | | — | | | | | | |  | | | | (11,765) | | | | |  |  | | | 7,703 | | | | | | | |  |  | | | (4,062) | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Interest rate cap/swap agreements | | | | — | | | | |  | | | | — | | |  | | | — | | | | | | | |  | | | | — | | | | | | |  | | | 2,739 | | | | | |  |  | | | | 2,739 | | | | |  |  | | | — | | | | | | | | |  | | | 2,739 | | |  |
| Amortization of share and unit-based plans | | | | 129,928 | | | |  |  | | | | 1 | |  |  | | | 4,331 | | | | | | |  |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | 4,332 | | | | |  |  | | | — | | | | | | | | |  | | | 4,332 | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Employee stock purchases | | | | 88,107 | | | |  |  | | | | 1 | |  |  | | | 594 | | | | | | |  |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | 595 | | | | |  |  | | | — | | | | | | | | |  | | | 595 | | |  |
| Stock offerings, net | | | | 13,915,443 | | | |  |  | | | | 139 | |  |  | | | 167,771 | | | | | | |  |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | 167,910 | | | | |  |  | | | — | | | | | | | | |  | | | 167,910 | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Distributions paid ($0.15 per share) | | | | — | | | | |  | | | | — | | |  | | | — | | | | | | | |  | | | | (31,016) | | | | |  | |  | | | — | | | | | | |  | | | | (31,016) | | | | |  |  | | | — | | | | | | | | |  | | | (31,016) | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Distributions to noncontrolling interests | | | | — | | | | |  | | | | — | | |  | | | — | | | | | | | |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | — | | | | |  |  | | | (10,856) | | | | | | | |  |  | | | (10,856) | | |  |
| Contributions from noncontrolling interests | | | | — | | | | |  | | | | — | | |  | | | — | | | | | | | |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | — | | | | |  |  | | | (1) | | | | | | | |  |  | | | (1) | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Adjustment of noncontrolling interests in Operating Partnership | | | | — | | | | |  | | | | — | | |  | | | 1,803 | | | | | | |  |  | | | | — | | | | | | |  | | | — | | | | | | |  | | | | 1,803 | | | | |  |  | | | (1,803) | | | | | | | |  |  | | | — | | |  |
| Balance at June 30, 2021 | | | | 211,169,654 | | | |  |  | | | | $ | 2,112 |  |  | | | $ | 5,438,493 | | | | | |  |  | | | | $ | (2,469,336) | | | |  | |  | | | $ | | (2,775) | | | |  |  | | | | $ | 2,968,494 | | | |  |  | | | $ | 158,452 | | | | | | |  |  | | | $ | 3,126,946 | |  |
|  | |  | | | |  |  | | | | |  | | | | | | | | |  |  |  |  |  | | | | |  | | |  |  |  | |  | | | | |  | |  |  |  | | | |  | | | |  |  |  | | | | | | |  |  |  |  |  |  | | | | | | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | | | | **Stockholders' Equity** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
|  | | | | | | | **Common Stock** | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | | | | | | | **Additional  Paid-in  Capital** | | | |  | | | | | | | | | **Accumulated  Deficit** | | | | | | | | |  | | | **Accumulated  Other  Comprehensive  Loss** | | | | | | | | | | |  | | | **Total  Stockholders'  Equity** | | |  | | |  | | |  | | |  | | |
|  | | | | | | | **Shares** | | | | | | | | | | | | | | |  | | | **Par Value** | | | | | | | | |  | | | | | | | |  | | | | | | | | |  | | |  | | |  | | | **Noncontrolling Interests** | | |  | | | **Total  Equity** | | |
| Balance at April 1, 2020 | | | | | | | 141,572,289 | | | | | | | | | | | | | |  |  | | | $ | | | | | 1,416 | | |  |  | | | | | | | | $ | | 4,590,709 |  |  | | | | | | | | | $ | (2,042,688) | | | | | | |  |  | | | $ | (15,446) | | | | | | |  | | |  | | | $ | 2,533,991 |  |  | | | $ | 190,369 |  |  | | | $ | 2,724,360 |  |
| Net loss | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | (25,116) | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (25,116) | |  |  | | | (1,611) | |  |  | | | (26,727) | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest rate cap/swap agreements | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | 1,745 | | | | | | | |  | | |  | | | 1,745 | |  |  | | | — | |  |  | | | 1,745 | |  |
| Amortization of share and unit-based plans | | | | | | | 45,171 | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | 4,210 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 4,210 | |  |  | | | — | |  |  | | | 4,210 | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Employee stock purchases | | | | | | | 141,568 | | | | | | | | | | | | | |  |  | | | 1 | | | | | | | |  |  | | | | | | | | 851 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 852 | |  |  | | | — | |  |  | | | 852 | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Distributions paid ($0.10 per share) | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | (14,278) | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (14,278) | |  |  | | | — | |  |  | | | (14,278) | |  |
| Stock dividend | | | | | | | 7,759,280 | | | | | | | | | | | | | |  |  | | | 78 | | | | | | | |  |  | | | | | | | | (78) | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Distributions to noncontrolling interests | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | — | |  |  | | | (1,587) | |  |  | | | (1,587) | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Conversion of noncontrolling interests to common shares | | | | | | | 82,856 | | | | | | | | | | | | | |  |  | | | 1 | | | | | | | |  |  | | | | | | | | 5,879 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 5,880 | |  |  | | | (5,880) | |  |  | | | — | |  |
| Redemption of noncontrolling interests | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | 14 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 14 | |  |  | | | (30) | |  |  | | | (16) | |  |
| Adjustment of noncontrolling interests in Operating Partnership | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | (4,901) | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (4,901) | |  |  | | | 4,901 | |  |  | | | — | |  |
| Balance at June 30, 2020 | | | | | | | 149,601,164 | | | | | | | | | | | | | |  |  | | | $ | | | | | 1,496 | | |  |  | | | | | | | | $ | | 4,596,684 |  |  | | | | | | | | | $ | (2,082,082) | | | | | | |  |  | | | $ | (13,701) | | | | | | |  | | |  | | | $ | 2,502,397 |  |  | | | $ | 186,162 |  |  | | | $ | 2,688,559 |  |

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

6

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED STATEMENTS OF EQUITY**

**(Dollars in thousands, except per share data)**

**(Unaudited)**

**Six Months Ended June 30, 2021 and 2020**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | |  |  |  | | |  |  |  |  | |  |  |  |  |  |  |  |  | | | | | |  |  |  |  | |  |  | | | |  | |  |  |  |  | |  | | | |  |  |  | |  |  |  | | | |  |  |  |  |  |  | | | | | | |  |  |  |  |  |  | |  |
|  | | | | **Stockholders' Equity** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | | **Common Stock** | | | | | | | | | | | |  | | | **Additional  Paid-in  Capital** | | | | | | | |  | | | | **Accumulated  Deficit** | | | | | | |  | | | **Accumulated  Other  Comprehensive  Loss** | | | | | | |  | | | | **Total  Stockholders'  Equity** | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | | **Shares** | | | | |  | | | | **Par Value** | | |  | | |  | | | |  | | |  | | | |  | | | **Noncontrolling Interests** | | | | | | | | |  | | | **Total  Equity** | | | |
| Balance at January 1, 2021 | | | | 149,770,575 | | | |  |  | | | | $ | 1,498 |  |  | | | $ | 4,603,378 | | | | | |  |  | | | | $ | (2,339,619) | | | |  | |  | | | $ | | (8,208) | | | |  |  | | | | $ | 2,257,049 | | | |  |  | | | $ | 188,211 | | | | | | |  |  | | | $ | 2,445,260 | |  |
| Net (loss) income | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | (75,369) | | | | |  | |  | | | — | | | | | |  |  | | | | (75,369) | | | | |  |  | | | 3,577 | | | | | | | |  |  | | | (71,792) | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Interest rate cap/swap agreements | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | — | | | | |  | |  | | | 5,433 | | | | | |  |  | | | | 5,433 | | | | |  |  | | | — | | | | | | | |  |  | | | 5,433 | | |  |
| Amortization of share and unit-based plans | | | | 224,681 | | | |  |  | | | | 2 | |  |  | | | 9,361 | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | 9,363 | | | | |  |  | | | — | | | | | | | |  |  | | | 9,363 | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Employee stock purchases | | | | 88,107 | | | |  |  | | | | 1 | |  |  | | | 594 | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | 595 | | | | |  |  | | | — | | | | | | | |  |  | | | 595 | | |  |
| Stock offerings, net | | | | 59,907,761 | | | |  |  | | | | 599 | |  |  | | | 805,455 | | | | | | |  |  | | | | — | | | | |  | |  | | |  | | | | | | |  | | | | 806,054 | | | | |  |  | | | — | | | | | | | |  |  | | | 806,054 | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Distributions paid ($0.30 per share) | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | (54,348) | | | | |  | |  | | | — | | | | | |  |  | | | | (54,348) | | | | |  |  | | | — | | | | | | | |  |  | | | (54,348) | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Distributions to noncontrolling interests | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | — | | | | |  |  | | | (14,194) | | | | | | | |  |  | | | (14,194) | | |  |
| Contributions from noncontrolling interests | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | — | | | | |  |  | | | 576 | | | | | | | |  |  | | | 576 | | |  |
|  | | | |  | | | | |  | | | |  | | |  | | |  | | | | | | | |  | | | |  | | | | | | |  | | |  | | | | | | |  | | | |  | | | | | |  | | |  | | | | | | | | |  | | |  | | | |
| Conversion of noncontrolling interests to common shares | | | | 1,178,530 | | | |  |  | | | | 12 | |  |  | | | 22,206 | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | 22,218 | | | | |  |  | | | (22,218) | | | | | | | |  |  | | | — | | |  |
| Redemption of noncontrolling interests | | | | — | | | |  |  | | | | — | |  |  | | | — | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | — | | | | |  |  | | | (1) | | | | | | | |  |  | | | (1) | | |  |
| Adjustment of noncontrolling interests in Operating Partnership | | | | — | | | |  |  | | | | — | |  |  | | | (2,501) | | | | | | |  |  | | | | — | | | | |  | |  | | | — | | | | | |  |  | | | | (2,501) | | | | |  |  | | | 2,501 | | | | | | | |  |  | | | — | | |  |
| Balance at June 30, 2021 | | | | 211,169,654 | | | |  |  | | | | $ | 2,112 |  |  | | | $ | 5,438,493 | | | | | |  |  | | | | $ | (2,469,336) | | | |  | |  | | | $ | | (2,775) | | | |  |  | | | | $ | 2,968,494 | | | |  |  | | | $ | 158,452 | | | | | | |  |  | | | $ | 3,126,946 | |  |
|  | |  | | | |  |  | | | | |  | | | | | | | | |  |  |  |  |  | | | | |  | | |  |  |  | |  | | | | |  | |  |  |  | | | |  | | | |  |  |  | | | | | | |  |  |  |  |  |  | | | | | | |  | | |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | | | | | **Stockholders' Equity** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |
|  | | | | | | | **Common Stock** | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | | | | | | | **Additional  Paid-in  Capital** | | | |  | | | | | | | | | **Accumulated  Deficit** | | | | | | | | |  | | | **Accumulated  Other  Comprehensive  Loss** | | | | | | | | | | |  | | | **Total  Stockholders'  Equity** | | |  | | |  | | |  | | |  | | |
|  | | | | | | | **Shares** | | | | | | | | | | | | | | |  | | | **Par Value** | | | | | | | | |  | | | | | | | |  | | | | | | | | |  | | |  | | |  | | | **Noncontrolling Interests** | | |  | | | **Total  Equity** | | |
| Balance at January 1, 2020 | | | | | | | 141,407,650 | | | | | | | | | | | | | |  |  | | | $ | | | | | 1,414 | | |  |  | | | | | | | | $ | | 4,583,911 |  |  | | | | | | | | | $ | (1,944,012) | | | | | | |  |  | | | $ | (9,051) | | | | | | |  | | |  | | | $ | 2,632,262 |  |  | | | $ | 198,708 |  |  | | | $ | 2,830,970 |  |
| Net loss | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | (17,594) | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (17,594) | |  |  | | | (402) | |  |  | | | (17,996) | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Interest rate cap/swap agreements | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | (4,650) | | | | | | | |  | | |  | | | (4,650) | |  |  | | | — | |  |  | | | (4,650) | |  |
| Amortization of share and unit-based plans | | | | | | | 126,088 | | | | | | | | | | | | | |  |  | | | 1 | | | | | | | |  |  | | | | | | | | 9,812 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 9,813 | |  |  | | | — | |  |  | | | 9,813 | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Employee stock purchases | | | | | | | 141,568 | | | | | | | | | | | | | |  |  | | | 1 | | | | | | | |  |  | | | | | | | | 851 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 852 | |  |  | | | — | |  |  | | | 852 | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Distributions paid ($0.85 per share) | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | (120,476) | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (120,476) | |  |  | | | — | |  |  | | | (120,476) | |  |
| Stock dividend | | | | | | | 7,759,280 | | | | | | | | | | | | | |  |  | | | 78 | | | | | | | |  |  | | | | | | | | (78) | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Distributions to noncontrolling interests | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | — | |  |  | | | (10,061) | |  |  | | | (10,061) | |  |
| Contributions from noncontrolling interests | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | — | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | — | |  |  | | | 125 | |  |  | | | 125 | |  |
|  | | | | | | |  | | | | | | | | | | | | | | |  | | |  | | | | | | | | |  | | | | | | | |  | | | |  | | | | | | | | |  | | | | | | | | |  | | |  | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Conversion of noncontrolling interests to common shares | | | | | | | 166,578 | | | | | | | | | | | | | |  |  | | | 2 | | | | | | | |  |  | | | | | | | | 11,675 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 11,677 | |  |  | | | (11,677) | |  |  | | | — | |  |
| Redemption of noncontrolling interests | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | 13 | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | 13 | |  |  | | | (31) | |  |  | | | (18) | |  |
| Adjustment of noncontrolling interests in Operating Partnership | | | | | | | — | | | | | | | | | | | | | |  |  | | | — | | | | | | | |  |  | | | | | | | | (9,500) | | |  |  | | | | | | | | | — | | | | | | | |  |  | | | — | | | | | | | |  | | |  | | | (9,500) | |  |  | | | 9,500 | |  |  | | | — | |  |
| Balance at June 30, 2020 | | | | | | | 149,601,164 | | | | | | | | | | | | | |  |  | | | $ | | | | | 1,496 | | |  |  | | | | | | | | $ | | 4,596,684 |  |  | | | | | | | | | $ | (2,082,082) | | | | | | |  |  | | | $ | (13,701) | | | | | | |  | | |  | | | $ | 2,502,397 |  |  | | | $ | 186,162 |  |  | | | $ | 2,688,559 |  |

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

7

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**(Dollars in thousands)**

**(Unaudited)**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Cash flows from operating activities: | | |  | | |  | | |  | | |
| Net loss | | | $ | (71,792) |  |  | | | $ | (17,996) |  |
| Adjustments to reconcile net loss to net cash provided by (used in) operating activities: | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Loss on sale or write down of assets, net | | | 25,210 | |  |  | | | 40,570 | |  |
| Depreciation and amortization | | | 162,603 | |  |  | | | 165,751 | |  |
| Amortization of premium on mortgage notes payable | | | — | |  |  | | | (464) | |  |
| Amortization of share and unit-based plans | | | 7,460 | |  |  | | | 7,493 | |  |
| Straight-line rent and amortization of above and below market leases | | | (11,318) | |  |  | | | 1,353 | |  |
| (Recovery of) provision for doubtful accounts | | | (5,907) | |  |  | | | 28,690 | |  |
| Income tax expense (benefit) | | | 9,345 | |  |  | | | (1,790) | |  |
| Equity in (income) loss of unconsolidated joint ventures | | | (21,945) | |  |  | | | 4,475 | |  |
|  | | |  | | |  | | |  | | |
| Change in fair value of financing arrangement obligation | | | (2,302) | |  |  | | | (81,291) | |  |
| Changes in assets and liabilities, net of dispositions: | | |  | | |  | | |  | | |
| Tenant and other receivables | | | 81,168 | |  |  | | | (121,649) | |  |
| Other assets | | | 9,480 | |  |  | | | (10,551) | |  |
| Due from affiliates | | | (3,200) | |  |  | | | (5,273) | |  |
| Accounts payable and accrued expenses | | | (15,426) | |  |  | | | 13,037 | |  |
| Other accrued liabilities | | | (50,349) | |  |  | | | (37,737) | |  |
| Net cash provided by (used in) operating activities | | | 113,027 | |  |  | | | (15,382) | |  |
| Cash flows from investing activities: | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Development, redevelopment, expansion and renovation of properties | | | (35,560) | |  |  | | | (35,780) | |  |
| Property improvements | | | (16,107) | |  |  | | | (15,787) | |  |
|  | | |  | | |  | | |  | | |
| Proceeds from repayment of notes receivable | | | 1,300 | |  |  | | | — | |  |
| Deferred leasing costs | | | (1,176) | |  |  | | | (1,581) | |  |
| Distributions from unconsolidated joint ventures | | | 45,978 | |  |  | | | 24,139 | |  |
| Contributions to unconsolidated joint ventures | | | (39,487) | |  |  | | | (80,413) | |  |
|  | | |  | | |  | | |  | | |
| Proceeds from sale of assets | | | 149,993 | |  |  | | | 331 | |  |
| Net cash provided by (used in) investing activities | | | 104,941 | |  |  | | | (109,091) | |  |
|  | | |  | | |  | | |  | | |

8

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **THE MACERICH COMPANY**  **CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**  **(Dollars in thousands)**  **(Unaudited)** | | | | | | | | | | | |
|  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| Cash flows from financing activities: | | |  | | |  | | |  | | |
| Proceeds from mortgages, bank and other notes payable | | | 495,000 | |  |  | | | 660,000 | |  |
| Payments on mortgages, bank and other notes payable | | | (1,632,572) | |  |  | | | (16,138) | |  |
|  | | |  | | |  | | |  | | |
| Deferred financing costs | | | (22,228) | |  |  | | | (189) | |  |
| Proceeds from finance lease | | | — | |  |  | | | 4,115 | |  |
| Payments on finance leases | | | (1,102) | |  |  | | | (289) | |  |
|  | | |  | | |  | | |  | | |
| Net proceeds from stock offerings | | | 791,425 | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |
| Proceeds from share and unit-based plans | | | 595 | |  |  | | | 852 | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Redemption of noncontrolling interests | | | (1) | |  |  | | | (18) | |  |
| Contribution from noncontrolling interests | | | 124 | |  |  | | | 125 | |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Dividends and distributions | | | (68,542) | |  |  | | | (130,537) | |  |
| Net cash (used in) provided by financing activities | | | (437,301) | |  |  | | | 517,921 | |  |
| Net (decrease) increase in cash, cash equivalents and restricted cash | | | (219,333) | |  |  | | | 393,448 | |  |
| Cash, cash equivalents and restricted cash, beginning of period | | | 482,659 | |  |  | | | 114,216 | |  |
| Cash, cash equivalents and restricted cash, end of period | | | $ | 263,326 |  |  | | | $ | 507,664 |  |
| Supplemental cash flow information: | | |  | | |  | | |  | | |
| Cash payments for interest, net of amounts capitalized | | | $ | 113,484 |  |  | | | $ | 100,237 |  |
| Non-cash investing and financing transactions: | | |  | | |  | | |  | | |
| Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities | | | $ | 22,378 |  |  | | | $ | 20,564 |  |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |
| Conversion of Operating Partnership Units to common stock | | | $ | 22,218 |  |  | | | $ | 11,677 |  |
| Accrued receivable of net proceeds from stock offering | | | $ | 14,629 |  |  | | | $ | — |  |
|  | | |  | | |  | | |  | | |

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

9

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**(Unaudited)**

**1. Organization:**

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

The Company commenced operations effective with the completion of its initial public offering on March 16, 1994. As of June 30, 2021, the Company was the sole general partner of and held a 96% 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"), including Fashion District Philadelphia and SanTan Village Regional Center.

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| Assets: | | |  | | |  | | |  | | |
| Property, net | | | $ | 475,184 |  |  | | | $ | 551,062 |  |
| Other assets | | | 100,635 | |  |  | | | 97,713 | |  |
| Total assets | | | $ | 575,819 |  |  | | | $ | 648,775 |  |
| Liabilities: | | |  | | |  | | |  | | |
| Mortgage notes payable | | | $ | 413,879 |  |  | | | $ | 420,233 |  |
| Other liabilities | | | 59,715 | |  |  | | | 81,266 | |  |
| Total liabilities | | | $ | 473,594 |  |  | | | $ | 501,499 |  |

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

10

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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, 2020. 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, 2020 has been derived from the audited financial statements but does not include all disclosures required by GAAP. The following table presents a reconciliation of the beginning of period and end of period cash, cash equivalents and restricted cash reported on the Company's consolidated balance sheets to the totals shown on its consolidated statements of cash flows:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |
| **Beginning of period** | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | $ | 465,297 |  |  | | | $ | 100,005 |  |
| Restricted cash | | | 17,362 | |  |  | | | 14,211 | |  |
| Cash, cash equivalents and restricted cash | | | $ | 482,659 |  |  | | | $ | 114,216 |  |
| **End of period** | | |  | | |  | | |  | | |
| Cash and cash equivalents | | | $ | 194,028 |  |  | | | $ | 497,581 |  |
| Restricted cash | | | 69,298 | |  |  | | | 10,083 | |  |
| Cash, cash equivalents and restricted cash | | | $ | 263,326 |  |  | | | $ | 507,664 |  |

*COVID-19 Pandemic:*

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. As a result, all of the markets that the Company operates in were subject to stay-at-home orders, and the majority of its properties were temporarily closed in part or completely. Following staggered re-openings during 2020, all Centers have been open and operating since October 7, 2020. The governments in the markets in which the Company operates continued to lift the COVID-19 related mandated restrictions throughout the second quarter of 2021 and essentially all of these markets reached a full economic re-opening during the quarter, including in the Company's key markets of California and New York, which were the most capacity-restricted markets upon re-opening in 2020.

*COVID-19 Lease Accounting:*

In April 2020, the Financial Accounting Standards Board issued a Staff Question-and-Answer (“Q&A”) to clarify whether lease concessions related to the effects of COVID-19 require the application of the lease modification guidance under Accounting Standards Codification ("ASC") 842, "Leases" ("the lease modification accounting framework"). Under ASC 842, the Company would have to determine, on a lease-by-lease basis, if a lease concession was the result of a new arrangement reached with the tenant or an enforceable right and obligation within the existing lease. The Q&A allows for the bypass of a lease-by-lease analysis, and allows the Company to elect to either apply the lease modification accounting framework or not to all of its lease concessions with similar characteristics and circumstances. The Company has elected to apply the lease modification accounting framework to lease concessions that include the abatement of rent in its consolidated financial statements for the three and six months ended June 30, 2021.

11

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**3. Earnings Per Share ("EPS"):**

The following table reconciles the numerator and denominator used in the computation of EPS for the three and six months ended June 30, 2021 and 2020 (shares in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| **Numerator** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | $ | (4,062) |  |  | | | $ | (26,727) |  |  | | | $ | (71,792) |  |  | | | $ | (17,996) |  |
| Less net income (loss) attributable to noncontrolling interests | | | 7,703 | |  |  | | | (1,611) | |  |  | | | 3,577 | |  |  | | | (402) | |  |
| Net loss attributable to the Company | | | (11,765) | |  |  | | | (25,116) | |  |  | | | (75,369) | |  |  | | | (17,594) | |  |
| Allocation of earnings to participating securities | | | (214) | |  |  | | | (297) | |  |  | | | (429) | |  |  | | | (619) | |  |
| Numerator for basic and diluted EPS—net loss attributable to common stockholders | | | $ | (11,979) |  |  | | | $ | (25,413) |  |  | | | $ | (75,798) |  |  | | | $ | (18,213) |  |
| **Denominator** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Denominator for basic and diluted EPS—weighted average number of common shares outstanding(1) | | | 205,757 | |  |  | | | 144,102 | |  |  | | | 182,299 | |  |  | | | 142,769 | |  |
| **EPS—net loss attributable to common stockholders** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Basic and diluted | | | $ | (0.06) |  |  | | | $ | (0.18) |  |  | | | $ | (0.42) |  |  | | | $ | (0.13) |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |

(1)     Diluted EPS excludes 103,235 and 94,619 for the three months ended June 30, 2021 and 2020, respectively, and 103,235 and 92,619 convertible preferred partnership units for the six months ended June 30, 2021 and 2020, respectively, as their impact was antidilutive. Diluted EPS also excludes 9,818,495 and 10,504,452 Operating Partnership units ("OP Units") for the three months ended June 30, 2021 and 2020, respectively, and 10,334,235 and 10,491,138 OP Units for the six months ended June 30, 2021 and 2020, respectively, as their impact was antidilutive.

**4. Investments in Unconsolidated Joint Ventures:**

The Company has made the following recent financings of its unconsolidated joint ventures:

On November 17, 2020, the Company’s joint venture in Tysons VITA, the residential tower at Tysons Corner Center, placed a new $95,000 loan on the property that bears interest at an effective rate of 3.43% and matures on December 1, 2030. Initial loan funding for the Company’s joint venture was $90,000 with future advance potential of up to $5,000. The Company used its share of the initial proceeds of $45,000 for general corporate purposes.

On December 10, 2020, the Company made a loan (the “Partnership Loan”) to the Company’s joint venture in Fashion District Philadelphia to fund the entirety of a $100,000 repayment to reduce the mortgage loan on Fashion District Philadelphia from $301,000 to $201,000. This mortgage loan now matures on January 22, 2024, including a one-year extension option, and bears interest at LIBOR plus 3.5%, with a LIBOR floor of 0.50%. The partnership agreement for the joint venture was amended in connection with the Partnership Loan, and pursuant to the amended agreement, the Partnership Loan plus 15% accrued interest must be repaid prior to the resumption of 50/50 cash distributions to the Company and its joint venture partner. As a result of the substantive participation rights of the Company’s joint venture partner being terminated in the amended agreement, the Company determined that the joint venture is a VIE and the Company is the primary beneficiary. Effective December 10, 2020, the Company has consolidated the results of the joint venture into the consolidated financial statements of the Company.

On December 29, 2020, the Company’s joint venture in FlatIron Crossing closed on a one-year maturity date extension for the existing loan to January 5, 2022. The interest rate increased from 3.85% to 4.10%, and the Company’s joint venture repaid $15,000, $7,650 at the Company's pro rata share, of the outstanding loan balance at closing.

12

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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)**

On December 31, 2020, the Company and its joint venture partner in MS Portfolio LLC entered into a distribution agreement. The joint venture owned nine properties, including the former Sears parcels at the South Plains Mall and the Arrowhead Towne Center. The joint venture distributed the former Sears parcel at South Plains Mall to the Company and the former Sears parcel at Arrowhead Towne Center to the joint venture partner. The joint venture partners agreed that the distributed properties were of equal value. The Company now owns 100% of the former Sears parcel at South Plains Mall. Effective December 31, 2020, the Company consolidated its 100% interest in the Sears parcel at South Plains Mall in its consolidated financial statements.

On March 29, 2021, concurrent with the sale of Paradise Valley Mall (see Note 15 – Dispositions), the Company elected to reinvest into the newly formed joint venture at a 5% ownership interest for $3,819 in cash that is accounted for under the equity method of accounting.

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

**Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures:**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| Assets(1): | | |  | | |  | | |  | | |
| Property, net | | | $ | 8,796,400 |  |  | | | $ | 8,721,551 |  |
| Other assets | | | 815,642 | |  |  | | | 774,583 | |  |
| Total assets | | | $ | 9,612,042 |  |  | | | $ | 9,496,134 |  |
| Liabilities and partners' capital(1): | | |  | | |  | | |  | | |
| Mortgage and other notes payable | | | $ | 6,044,153 |  |  | | | $ | 5,942,478 |  |
| Other liabilities | | | 391,762 | |  |  | | | 397,483 | |  |
| Company's capital | | | 1,710,793 | |  |  | | | 1,711,944 | |  |
| Outside partners' capital | | | 1,465,334 | |  |  | | | 1,444,229 | |  |
| Total liabilities and partners' capital | | | $ | 9,612,042 |  |  | | | $ | 9,496,134 |  |
| Investments in unconsolidated joint ventures: | | |  | | |  | | |  | | |
| Company's capital | | | $ | 1,710,793 |  |  | | | $ | 1,711,944 |  |
| Basis adjustment(2) | | | (465,273) | |  |  | | | (479,678) | |  |
|  | | | $ | 1,245,520 |  |  | | | $ | 1,232,266 |  |
|  | | |  | | |  | | |  | | |
| Assets—Investments in unconsolidated joint ventures | | | $ | 1,370,299 |  |  | | | $ | 1,340,647 |  |
| Liabilities—Distributions in excess of investments in unconsolidated joint ventures | | | (124,779) | |  |  | | | (108,381) | |  |
|  | | | $ | 1,245,520 |  |  | | | $ | 1,232,266 |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |

(1)     These amounts include assets of $2,821,851 and $2,857,757 of Pacific Premier Retail LLC (the "PPR Portfolio") as of June 30, 2021 and December 31, 2020, respectively, and liabilities of $1,673,662 and $1,687,042 of the PPR Portfolio as of June 30, 2021 and December 31, 2020, 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 $2,420 and $3,729 for the three months ended June 30, 2021 and 2020, respectively, and $4,663 and $7,728 for the six months ended June 30, 2021 and 2020, respectively.

13

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**4. Investments in Unconsolidated Joint Ventures: (Continued)**

**Combined and Condensed Statements of Operations of Unconsolidated Joint Ventures:**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **PPR Portfolio** | | |  | | | **Other Joint Ventures** | | |  | | | **Total** | | |
| *Three Months Ended June 30, 2021* | | |  | | |  | | |  | | |  | | |  | | |
| Revenues: | | |  | | |  | | |  | | |  | | |  | | |
| Leasing revenue | | | $ | 41,234 |  |  | | | $ | 150,465 |  |  | | | $ | 191,699 |  |
| Other | | | 37 | |  |  | | | 32,884 | |  |  | | | 32,921 | |  |
| Total revenues | | | 41,271 | |  |  | | | 183,349 | |  |  | | | 224,620 | |  |
| Expenses: | | |  | | |  | | |  | | |  | | |  | | |
| Shopping center and operating expenses | | | 9,896 | |  |  | | | 56,546 | |  |  | | | 66,442 | |  |
| Leasing expenses | | | 372 | |  |  | | | 1,106 | |  |  | | | 1,478 | |  |
| Interest expense | | | 15,835 | |  |  | | | 36,889 | |  |  | | | 52,724 | |  |
| Depreciation and amortization | | | 24,582 | |  |  | | | 63,874 | |  |  | | | 88,456 | |  |
| Total expenses | | | 50,685 | |  |  | | | 158,415 | |  |  | | | 209,100 | |  |
| Loss on sale or write down of assets, net | | | — | |  |  | | | (235) | |  |  | | | (235) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Net (loss) income | | | $ | (9,414) |  |  | | | $ | 24,699 |  |  | | | $ | 15,285 |  |
| Company's equity in net (loss) income | | | $ | (3,372) |  |  | | | $ | 23,407 |  |  | | | $ | 20,035 |  |
| *Three Months Ended June 30, 2020* | | |  | | |  | | |  | | |  | | |  | | |
| Revenues: | | |  | | |  | | |  | | |  | | |  | | |
| Leasing revenue | | | $ | 38,806 |  |  | | | $ | 139,452 |  |  | | | $ | 178,258 |  |
| Other | | | 253 | |  |  | | | (399) | |  |  | | | (146) | |  |
| Total revenues | | | 39,059 | |  |  | | | 139,053 | |  |  | | | 178,112 | |  |
| Expenses: | | |  | | |  | | |  | | |  | | |  | | |
| Shopping center and operating expenses | | | 8,240 | |  |  | | | 53,145 | |  |  | | | 61,385 | |  |
| Leasing expenses | | | 290 | |  |  | | | 832 | |  |  | | | 1,122 | |  |
| Interest expense | | | 16,363 | |  |  | | | 36,790 | |  |  | | | 53,153 | |  |
| Depreciation and amortization | | | 24,565 | |  |  | | | 66,095 | |  |  | | | 90,660 | |  |
| Total expenses | | | 49,458 | |  |  | | | 156,862 | |  |  | | | 206,320 | |  |
| Loss on sale or write down of assets, net | | | — | |  |  | | | (12) | |  |  | | | (12) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | $ | (10,399) |  |  | | | $ | (17,821) |  |  | | | $ | (28,220) |  |
| Company's equity in net loss | | | $ | (3,777) |  |  | | | $ | (10,396) |  |  | | | $ | (14,173) |  |

14

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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** | | |
| *Six Months Ended June 30, 2021* | | |  | | |  | | |  | | |  | | |  | | |
| Revenues: | | |  | | |  | | |  | | |  | | |  | | |
| Leasing revenue | | | $ | 78,008 |  |  | | | $ | 299,781 |  |  | | | $ | 377,789 |  |
| Other | | | 129 | |  |  | | | 49,851 | |  |  | | | 49,980 | |  |
| Total revenues | | | 78,137 | |  |  | | | 349,632 | |  |  | | | 427,769 | |  |
| Expenses: | | |  | | |  | | |  | | |  | | |  | | |
| Shopping center and operating expenses | | | 19,263 | |  |  | | | 115,385 | |  |  | | | 134,648 | |  |
| Leasing expenses | | | 775 | |  |  | | | 2,459 | |  |  | | | 3,234 | |  |
| Interest expense | | | 31,637 | |  |  | | | 74,103 | |  |  | | | 105,740 | |  |
| Depreciation and amortization | | | 48,887 | |  |  | | | 130,416 | |  |  | | | 179,303 | |  |
| Total expenses | | | 100,562 | |  |  | | | 322,363 | |  |  | | | 422,925 | |  |
| Loss on sale or write down of assets, net | | | — | |  |  | | | (181) | |  |  | | | (181) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Net (loss) income | | | $ | (22,425) |  |  | | | $ | 27,088 |  |  | | | $ | 4,663 |  |
| Company's equity in net (loss) income | | | $ | (8,879) |  |  | | | $ | 30,824 |  |  | | | $ | 21,945 |  |
| *Six Months Ended June 30, 2020* | | |  | | |  | | |  | | |  | | |  | | |
| Revenues: | | |  | | |  | | |  | | |  | | |  | | |
| Leasing revenue | | | $ | 97,184 |  |  | | | $ | 311,696 |  |  | | | $ | 408,880 |  |
| Other | | | 302 | |  |  | | | 6,492 | |  |  | | | 6,794 | |  |
| Total revenues | | | 97,486 | |  |  | | | 318,188 | |  |  | | | 415,674 | |  |
| Expenses: | | |  | | |  | | |  | | |  | | |  | | |
| Shopping center and operating expenses | | | 17,881 | |  |  | | | 114,654 | |  |  | | | 132,535 | |  |
| Leasing expenses | | | 763 | |  |  | | | 2,127 | |  |  | | | 2,890 | |  |
| Interest expense | | | 32,458 | |  |  | | | 74,930 | |  |  | | | 107,388 | |  |
| Depreciation and amortization | | | 53,182 | |  |  | | | 134,456 | |  |  | | | 187,638 | |  |
| Total expenses | | | 104,284 | |  |  | | | 326,167 | |  |  | | | 430,451 | |  |
| Loss on sale or write down of assets, net | | | — | |  |  | | | (12) | |  |  | | | (12) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |
| Net loss | | | $ | (6,798) |  |  | | | $ | (7,991) |  |  | | | $ | (14,789) |  |
| Company's equity in net income (loss) | | | $ | 944 |  |  | | | $ | (5,419) |  |  | | | $ | (4,475) |  |

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

15

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**5. Derivative Instruments and Hedging Activities:**

The Company uses an interest rate cap and four interest rate swap agreements to manage the interest rate risk of its floating rate debt. The Company recorded other comprehensive income (loss) related to the marking-to-market of derivative instruments of $2,739 and $1,745 for the three months ended June 30, 2021 and 2020, respectively, and $5,433 and $(4,650) for the six months ended June 30, 2021 and 2020, respectively.

The following derivatives were outstanding at June 30, 2021:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | | **Fair Value** | | | | | | | | |
| **Property** | | |  | | | **Notional Amount** | | |  | | | **Product** | | |  | | | **LIBOR Rate** | | |  | | | **Maturity** | | |  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| Santa Monica Place(1) | | |  | | | $ | 300,000 |  |  | | | Cap | | |  | | | 4.00 | | % |  | | | 12/9/2021 | | |  | | | $ | — |  |  | | | $ | — |  |
| The Macerich Partnership, L.P.(1) | | |  | | | $ | 400,000 |  |  | | | Swaps | | |  | | | 2.85 | | % |  | | | 9/30/2021 | | |  | | | $ | (2,775) |  |  | | | $ | (8,208) |  |

(1)     On April 14, 2021, the Company entered into a new credit facility to replace the existing credit facility (See Note 11 - Bank and Other Notes Payable). Concurrent with entering into the new credit facility, the Company de-designated the Santa Monica Place $300,000 interest rate cap. As a result of the new credit facility and the Santa Monica Place cap de-designation, the notional amounts of the swaps that were previously hedged against the Company’s prior revolving line of credit are now hedged against the Santa Monica Place floating rate debt and a portion of the Green Acres Commons floating rate debt effectively converting the Santa Monica Place loan and a majority of the Green Acres Commons loan to fixed rate debt through September 30, 2021 (See Note 10 – Mortgage Payable).

The above derivatives were valued 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:

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| Land | | | $ | 1,462,406 |  |  | | | $ | 1,538,270 |  |
| Buildings and improvements | | | 6,332,882 | |  |  | | | 6,620,708 | |  |
| Tenant improvements | | | 733,681 | |  |  | | | 750,250 | |  |
| Equipment and furnishings(1) | | | 190,807 | |  |  | | | 194,231 | |  |
| Construction in progress | | | 253,768 | |  |  | | | 153,253 | |  |
|  | | | 8,973,544 | |  |  | | | 9,256,712 | |  |
| Less accumulated depreciation(1) | | | (2,540,667) | |  |  | | | (2,562,133) | |  |
|  | | | $ | 6,432,877 |  |  | | | $ | 6,694,579 |  |

16

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**6. Property, net: (Continued)**

(1)      Equipment and furnishings and accumulated depreciation include the cost and accumulated amortization of ROU assets in connection with finance leases at June 30, 2021 and December 31, 2020 (See Note 8—Leases).

Depreciation expense was $70,762 and $72,519 for the three months ended June 30, 2021 and 2020, respectively, and $142,426 and $145,205 for the six months ended June 30, 2021 and 2020, respectively.

Loss on sale or write-down of assets, net for the three and six months ended June 30, 2021 and 2020 consist of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Loss on property sales, net(1) | | |  | | | $ | (10,895) |  |  | | | $ | — |  |  | | | $ | (6,666) |  |  | | | $ | — |  |
| Write-down of assets(2) | | |  | | | (8,754) | |  |  | | | (3,907) | |  |  | | | (38,362) | |  |  | | | (40,610) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Gain on land sales, net(3) | | |  | | | 15,722 | |  |  | | | 40 | |  |  | | | 19,818 | |  |  | | | 40 | |  |
|  | | |  | | | $ | (3,927) |  |  | | | $ | (3,867) |  |  | | | $ | (25,210) |  |  | | | $ | (40,570) |  |

(1)    Includes $4,229 of gain related to the sale of Paradise Valley Mall (See Note 15-Dispositions).

(2)    Includes impairment loss of $27,281 on Estrella Falls during the six months ended June 30, 2021 and impairment losses of $30,063 on Wilton Mall and $6,640 on Paradise Valley Mall during the six months ended June 30, 2020. The impairment losses were due to the reduction of the estimated holding periods of the properties. The remaining amounts for the six months ended June 30, 2021 mainly pertain to the write off of development costs.

(3)    Includes $1,334 related to the sale of Paradise Valley Mall (See Note 15-Dispositions).

The following table summarizes certain of the Company's assets that were measured on a nonrecurring basis as a result of the impairment losses recorded for the six months ended June 30, 2021 and 2020, as described above:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | Total Fair Value Measurement | | |  | | | Quoted Prices in Active Markets for Identical Assets | | |  | | | Significant Other Unobservable Inputs | | |  | | | Significant Unobservable Inputs | | |
|  | | |  | | | (Level 1) | | |  | | | (Level 2) | | |  | | | (Level 3) | | |
| June 30, 2020 | | |  | | | $ | 140,000 |  |  | | | $ | — |  |  | | | $ | 140,000 |  |  | | | $ | — |  |
| June 30, 2021 | | |  | | | $ | 23,690 |  |  | | | $ | — |  |  | | | $ | 4,720 |  |  | | | $ | 18,970 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |

The fair values relating to the 2020 impairments and a portion of the 2021 impairments were based on sales contracts and are classified within Level 2 of the fair value hierarchy. The fair value (Level 3 measurement) related to the 2021 impairment was based upon an income approach, using an estimated terminal capitalization rate, discount rate, and in-place contractual rent and other income. The fair value is sensitive to these significant unobservable inputs.

**7. Tenant and Other Receivables, net:**

Included in tenant and other receivables, net is an allowance for doubtful accounts of $22,790 and $37,545 at June 30, 2021 and December 31, 2020, respectively. Also included in tenant and other receivables, net are accrued percentage rents of $3,819 and $4,673 at June 30, 2021 and December 31, 2020, respectively, and a deferred rent receivable due to straight-line rent adjustments of $117,377 and $107,003 at June 30, 2021 and December 31, 2020, 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

17

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**8. Leases: (Continued)**

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. For leasing revenues in which collectability is not considered probable, lease income is recognized on a cash basis and all previously recognized tenant accounts receivables, including straight-line rent, are fully reserved in the period in which the lease income is determined not to be probable of collection.

The following table summarizes the components of leasing revenue for the three and six months ended June 30, 2021 and 2020:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Leasing revenue—fixed payments | | | $ | 131,512 |  |  | | | $ | 150,292 |  |  | | | $ | 263,007 |  |  | | | $ | 306,339 |  |
| Leasing revenue—variable payments | | | 56,360 | |  |  | | | 46,239 | |  |  | | | 107,608 | |  |  | | | 101,826 | |  |
| Recovery of (provision for) doubtful accounts | | | 9,115 | |  |  | | | (27,777) | |  |  | | | 5,907 | |  |  | | | (28,690) | |  |
|  | | | $ | 196,987 |  |  | | | $ | 168,754 |  |  | | | $ | 376,522 |  |  | | | $ | 379,475 |  |

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

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Twelve months ending June 30,** | | |  | | |  | | |
| 2022 | | |  | | | $ | 386,588 |  |
| 2023 | | |  | | | 344,928 | |  |
| 2024 | | |  | | | 291,702 | |  |
| 2025 | | |  | | | 236,750 | |  |
| 2026 | | |  | | | 190,709 | |  |
| Thereafter | | |  | | | 547,608 | |  |
|  | | |  | | | $ | 1,998,285 |  |

*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 five finance leases that expire at various times through 2024.

The following table summarizes the lease costs for the three and six months ended June 30, 2021 and 2020:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Operating lease costs | | | $ | 3,814 |  |  | | | $ | 3,701 |  |  | | | $ | 7,629 |  |  | | | $ | 7,639 |  |
| Finance lease costs: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Amortization of ROU assets | | | 478 | |  |  | | | 476 | |  |  | | | 956 | |  |  | | | 951 | |  |
| Interest on lease liabilities | | | 124 | |  |  | | | 142 | |  |  | | | 343 | |  |  | | | 284 | |  |
|  | | | $ | 4,416 |  |  | | | $ | 4,319 |  |  | | | $ | 8,928 |  |  | | | $ | 8,874 |  |

18

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**8. Leases: (Continued)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **June 30, 2021** | | | | | | | | |  | | | **December 31, 2020** | | | | | | | | |
| **Year ending December 31,** | | |  | | | **Operating  Leases** | | |  | | | **Finance Leases** | | |  | | | **Operating Leases** | | |  | | | **Finance Leases** | | |
| 2021 | | |  | | | $ | 7,671 |  |  | | | $ | 10,785 |  |  | | | $ | 14,695 |  |  | | | $ | 10,785 |  |
| 2022 | | |  | | | 14,883 | |  |  | | | 2,762 | |  |  | | | 14,558 | |  |  | | | 2,762 | |  |
| 2023 | | |  | | | 9,076 | |  |  | | | 344 | |  |  | | | 8,746 | |  |  | | | 344 | |  |
| 2024 | | |  | | | 7,094 | |  |  | | | 3,085 | |  |  | | | 6,759 | |  |  | | | 3,085 | |  |
| 2025 | | |  | | | 7,136 | |  |  | | | — | |  |  | | | 6,796 | |  |  | | | — | |  |
| Thereafter | | |  | | | 116,918 | |  |  | | | — | |  |  | | | 116,660 | |  |  | | | — | |  |
| Total undiscounted rental payments | | |  | | | 162,778 | |  |  | | | 16,976 | |  |  | | | 168,214 | |  |  | | | 16,976 | |  |
| Less imputed interest | | |  | | | (91,855) | |  |  | | | (1,701) | |  |  | | | (94,375) | |  |  | | | (599) | |  |
| Total lease liabilities | | |  | | | $ | 70,923 |  |  | | | $ | 15,275 |  |  | | | $ | 73,839 |  |  | | | $ | 16,377 |  |
| Weighted average remaining term | | |  | | | 34.8 years | | |  | | | 0.6 years | | |  | | | 34.5 years | | |  | | | 1.1 years | | |
| Weighted average incremental borrowing rate | | |  | | | 7.7 | | % |  | | | 3.7 | | % |  | | | 7.7 | | % |  | | | 3.7 | | % |

**9. Deferred Charges and Other Assets, net:**

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| Leasing | | | $ | 141,627 |  |  | | | $ | 162,652 |  |
| Intangible assets: | | |  | | |  | | |  | | |
| In-place lease values | | | 67,336 | |  |  | | | 74,298 | |  |
| Leasing commissions and legal costs | | | 18,283 | |  |  | | | 21,096 | |  |
| Above-market leases | | | 76,810 | |  |  | | | 80,120 | |  |
| Deferred tax assets | | | 21,422 | |  |  | | | 30,767 | |  |
| Deferred compensation plan assets | | | 63,615 | |  |  | | | 62,874 | |  |
| Other assets | | | 51,272 | |  |  | | | 61,553 | |  |
|  | | | 440,365 | |  |  | | | 493,360 | |  |
| Less accumulated amortization(1) | | | (169,402) | |  |  | | | (186,401) | |  |
|  | | | $ | 270,963 |  |  | | | $ | 306,959 |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |

(1)   Accumulated amortization includes $43,434 and $47,249 relating to in-place lease values, leasing commissions and legal costs at June 30, 2021 and December 31, 2020, respectively. Amortization expense of in-place lease values, leasing commissions and legal costs was $2,403 and $1,996 for the three months ended June 30, 2021 and 2020, respectively, and $4,606 and $5,715 for the six months ended June 30, 2021 and 2020, respectively.

19

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

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

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

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |
| *Above-Market Leases* | | |  | | |  | | |  | | |
| Original allocated value | | | $ | 76,810 |  |  | | | $ | 80,120 |  |
| Less accumulated amortization | | | (33,344) | |  |  | | | (33,271) | |  |
|  | | | $ | 43,466 |  |  | | | $ | 46,849 |  |
| *Below-Market Leases(1)* | | |  | | |  | | |  | | |
| Original allocated value | | | $ | 102,103 |  |  | | | $ | 114,790 |  |
| Less accumulated amortization | | | (35,342) | |  |  | | | (43,656) | |  |
|  | | | $ | 66,761 |  |  | | | $ | 71,134 |  |

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
|  | | |  | | |  | | |

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

**10. Mortgage Notes Payable:**

Mortgage notes payable at June 30, 2021 and December 31, 2020 consist of the following:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **Carrying Amount of Mortgage Notes(1)** | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
| **Property Pledged as Collateral** | | |  | | | **June 30, 2021** | | |  | | | **December 31, 2020** | | |  | | | **Effective Interest Rate(2)** | | |  | | | **Monthly Debt Service(3)** | | |  | | | **Maturity Date(4)** | | |
| Chandler Fashion Center(5) | | |  | | | $ | 255,453 |  |  | | | $ | 255,361 |  |  | | | 4.18 | | % |  | | | $ | 875 |  |  | | | 2024 | | |
| Danbury Fair Mall(6) | | |  | | | 182,693 | |  |  | | | 186,741 | |  |  | | | 5.53 | | % |  | | | 1,538 | |  |  | | | 2021 | | |
| Fashion District Philadelphia | | |  | | | 194,602 | |  |  | | | 201,000 | |  |  | | | 4.00 | | % |  | | | 649 | |  |  | | | 2024 | | |
| Fashion Outlets of Chicago | | |  | | | 299,233 | |  |  | | | 299,193 | |  |  | | | 4.61 | | % |  | | | 1,145 | |  |  | | | 2031 | | |
| Fashion Outlets of Niagara Falls USA | | |  | | | 97,901 | |  |  | | | 101,463 | |  |  | | | 6.45 | | % |  | | | 727 | |  |  | | | 2023 | | |
| Freehold Raceway Mall(5) | | |  | | | 398,629 | |  |  | | | 398,545 | |  |  | | | 3.94 | | % |  | | | 1,300 | |  |  | | | 2029 | | |
| Fresno Fashion Fair | | |  | | | 323,957 | |  |  | | | 323,857 | |  |  | | | 3.67 | | % |  | | | 971 | |  |  | | | 2026 | | |
| Green Acres Commons(7) | | |  | | | 29,685 | |  |  | | | 129,847 | |  |  | | | 3.11 | | % |  | | | 72 | |  |  | | | 2023 | | |
| Green Acres Commons - Swapped(8) | | |  | | | 95,000 | |  |  | | | — | |  |  | | | 5.60 | | % |  | | | 444 | |  |  | | | 2023 | | |
| Green Acres Mall(9) | | |  | | | 255,764 | |  |  | | | 270,570 | |  |  | | | 3.94 | | % |  | | | 1,447 | |  |  | | | 2023 | | |
| Kings Plaza Shopping Center | | |  | | | 535,670 | |  |  | | | 535,413 | |  |  | | | 3.71 | | % |  | | | 1,629 | |  |  | | | 2030 | | |
| Oaks, The | | |  | | | 179,408 | |  |  | | | 183,108 | |  |  | | | 4.14 | | % |  | | | 1,064 | |  |  | | | 2022 | | |
| Pacific View | | |  | | | 113,212 | |  |  | | | 114,909 | |  |  | | | 4.08 | | % |  | | | 668 | |  |  | | | 2022 | | |
| Queens Center | | |  | | | 600,000 | |  |  | | | 600,000 | |  |  | | | 3.49 | | % |  | | | 1,744 | |  |  | | | 2025 | | |
| Santa Monica Place - Swapped(10) | | |  | | | 298,940 | |  |  | | | 298,566 | |  |  | | | 4.58 | | % |  | | | 1,082 | |  |  | | | 2022 | | |
| SanTan Village Regional Center | | |  | | | 219,277 | |  |  | | | 219,233 | |  |  | | | 4.34 | | % |  | | | 788 | |  |  | | | 2029 | | |
| Towne Mall | | |  | | | 19,569 | |  |  | | | 19,815 | |  |  | | | 4.48 | | % |  | | | 117 | |  |  | | | 2022 | | |
| Tucson La Encantada | | |  | | | 61,026 | |  |  | | | 62,018 | |  |  | | | 4.23 | | % |  | | | 368 | |  |  | | | 2022 | | |
| Victor Valley, Mall of | | |  | | | 114,820 | |  |  | | | 114,791 | |  |  | | | 4.00 | | % |  | | | 380 | |  |  | | | 2024 | | |
| Vintage Faire Mall | | |  | | | 243,269 | |  |  | | | 246,380 | |  |  | | | 3.55 | | % |  | | | 1,256 | |  |  | | | 2026 | | |
|  | | |  | | | $ | 4,518,108 |  |  | | | $ | 4,560,810 |  |  | | |  | | |  | | |  | | |  | | |  | | |

(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 $14,814 and $14,085 at June 30, 2021 and December 31, 2020, respectively.

20

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**10. Mortgage Notes Payable: (Continued)**

(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 September 15, 2020, the Company closed on a loan extension agreement for Danbury Fair Mall. Under the extension agreement, the original loan maturity date of October 1, 2020 was extended to April 1, 2021. The loan was further extended to October 1, 2021. The loan amount and interest rate are unchanged following the extension.

(7)On March 25, 2021, the Company closed on a two-year extension of the loan to March 29, 2023. The interest rate is LIBOR plus 2.75% and the Company repaid $4,680 of the outstanding loan balance at closing.

(8)The loan includes an interest rate swap that effectively converts $95,000 of the outstanding balance to fixed rate debt through September 30, 2021, the expiration of the interest rate swap. This swap was previously hedged against the Company's prior revolving line of credit that was terminated in April 2021 (See Note 5—Derivative Instruments and Hedging Activities).

(9)On January 22, 2021, the Company closed on a one-year extension of the loan to February 3, 2022, which also includes a one-year extension option to February 3, 2023. The interest rate remained unchanged, and the Company repaid $9,000 of the outstanding loan balance at closing.

(10)The loan includes an interest rate swap that effectively converts $300,000 of the outstanding balance to fixed rate debt through September 30, 2021, the expiration of the interest rate swap. This swap was previously hedged against the Company's prior revolving line of credit that was terminated in April 2021. Additionally, the loan is covered by an interest rate cap agreement that effectively prevents the LIBOR rate from exceeding 4% during the period ending December 9, 2021 (See Note 5—Derivative Instruments and Hedging Activities).

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 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 $2,247 and $1,361 for the three months ended June 30, 2021 and 2020, respectively, and $3,709 and $2,656 for the six months ended June 30, 2021 and 2020, respectively.

The estimated fair value (Level 2 measurement) of mortgage notes payable at June 30, 2021 and December 31, 2020 was $4,433,143 and $4,459,797, 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:

*Credit Facility:*

On April 14, 2021, the Company terminated its existing credit facility and entered into a new credit agreement, which provides for an aggregate $700,000 facility, including a $525,000 revolving loan facility that matures on April 14, 2023, with a one-year extension option, and a $175,000 term loan facility that matures on April 14, 2024. The revolving loan facility can be expanded up to $800,000, subject to receipt of lender commitments and other conditions. Concurrently with entering into the new credit agreement, the Company drew the $175,000 term loan in its entirety and drew $320,000 of the amount available under the revolving loan facility. Simultaneously with entering into the new credit agreement, the Company repaid $985,000 of debt, which included terminating and repaying all amounts outstanding under its prior revolving line of credit facility. All obligations under the facility are guaranteed unconditionally by the Company and are secured in the form of mortgages on certain wholly-owned assets and pledges of equity interests held by certain of the Company’s subsidiaries. The new credit facility bears interest at LIBOR plus a spread of 2.25% to 3.25% depending on the Company’s overall leverage level. As of

21

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**11. Bank and Other Notes Payable: (Continued)**

June 30, 2021, the borrowing rate was LIBOR plus 2.25%. As of June 30, 2021, borrowings under the facility were $280,000, less unamortized deferred finance costs of $17,380, for the revolving loan facility at a total interest rate of 3.69% and $104,400 for the term loan facility at a total interest rate of 2.50%. The estimated fair value (Level 2 measurement) of the credit facility at June 30, 2021, was $280,077 for the revolving loan facility and $104,429 for the term loan facility based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

The Company had a $1,500,000 revolving line of credit that bore interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and was to mature on July 6, 2020. On April 8, 2020, the Company exercised its option to extend the maturity of the facility to July 6, 2021. The line of credit could have been expanded, depending on certain conditions, up to a total facility of $2,000,000. Based on the Company's leverage level as of December 31, 2020, the borrowing rate on the facility was LIBOR plus 1.65%. On April 14, 2021, the Company repaid the $985,000 of outstanding debt and terminated this credit facility. The Company had four interest rate swap agreements that effectively converted a total of $400,000 of the outstanding balance from floating rate debt of LIBOR plus 1.65% to fixed rate debt of 4.50% until September 30, 2021. These swaps are now hedged against the Santa Monica Place floating rate loan and a portion of the Green Acres Commons floating rate loan effectively converting these loans to fixed rate debt through September 30, 2021 (See Note 5 – Derivative Instruments and Hedging Activities and Note 10 – Mortgage Notes Payable). As of December 31, 2020, borrowings under the prior line of credit was $1,480,000 less unamortized deferred finance costs of $2,460 at a total interest rate of 2.73%. As of December 31, 2020, the Company's availability under the prior line of credit for additional borrowings was $19,719. The estimated fair value (Level 2 measurement) of the line of credit at December 31, 2020 was $1,485,598 based on a present value model using a credit interest rate spread offered to the Company for comparable debt.

As of June 30, 2021 and December 31, 2020, 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 1,552,000 square foot regional shopping center in Freehold, New Jersey (collectively referred to herein as "Chandler Freehold"). As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the formation of Chandler Freehold, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The Company accounts for its investment in Chandler Freehold as a financing arrangement. The fair value (Level 3 measurement) of the financing arrangement obligation at June 30, 2021 and December 31, 2020 was based upon a terminal capitalization rate of 5.75% and 5.5%, respectively, a discount rate of 7.25% and 7.0%, respectively, and market rents per square foot of $35 to $105. The fair value of the financing arrangement obligation is sensitive to these significant unobservable inputs and a change in these inputs may result in a significantly higher or lower fair value measurement. Distributions to the partner, excluding distributions of excess loan proceeds, and changes in fair value of the financing arrangement obligation are recognized as interest (income) expense in the Company's consolidated statements of operations.

During the three and six months ended June 30, 2021 and 2020, the Company incurred interest expense (income) in connection with the financing arrangement as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Distributions equal to the partner's share of net (loss) income | | | $ | (1,193) |  |  | | | $ | (181) |  |  | | | $ | (2,425) |  |  | | | $ | 1,283 |  |
| Distributions in excess of the partner's share of net income | | | 5,586 | |  |  | | | 281 | |  |  | | | 9,000 | |  |  | | | 2,958 | |  |
| Adjustment to fair value of financing arrangement obligation | | | (1,439) | |  |  | | | (32,907) | |  |  | | | (2,302) | |  |  | | | (81,291) | |  |
|  | | | $ | 2,954 |  |  | | | $ | (32,807) |  |  | | | $ | 4,273 |  |  | | | $ | (77,050) |  |

22

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**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 96% and 93% ownership interest in the Operating Partnership as of June 30, 2021 and December 31, 2020, respectively. The remaining 4% and 7% limited partnership interest as of June 30, 2021 and December 31, 2020, respectively, was owned by certain of the Company's executive officers and directors, certain of their affiliates and other third party investors in the form of OP Units. The OP Units may be redeemed for shares of stock or cash, at the Company's option. The redemption value for each OP Unit as of any balance sheet date is the amount equal to the average of the closing price per share of the Company's common stock, par value $0.01 per share, as reported on the New York Stock Exchange for the 10 trading days ending on the respective balance sheet date. Accordingly, as of June 30, 2021 and December 31, 2020, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was $176,635 and $117,602, 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.

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:**

*Stock Dividend*

On June 3, 2020, the Company issued 7,759,280 common shares to its common stockholders in connection with the quarterly dividend of $0.50 per share of common stock declared on March 16, 2020. The dividend consisted of a combination of cash and shares of the Company's common stock. The cash component of the dividend (not including cash paid in lieu of fractional shares) was 20% in the aggregate, or $0.10 per share, with the balance paid in shares of the Company's common stock.

In accordance with the provisions of Internal Revenue Service Revenue Procedure 2017-45, stockholders were asked to make an election to receive the dividend all in cash or all in shares. To the extent that more than 20% of cash was elected in the aggregate, the cash portion was prorated. Stockholders who elected to receive the dividend in cash received a cash payment of at least $0.10 per share. Stockholders who did not make an election received 20% in cash and 80% in shares of common stock. The number of shares issued as a result of the dividend was calculated based on the volume weighted average trading price of the Company's common stock on the New York Stock Exchange on May 20, May 21 and May 22, 2020 of $7.2956.

The Company accounted for the stock portion of its distribution as a stock issuance as opposed to a stock dividend. Accordingly, the impact of the shares issued is reflected in the Company's earnings per share calculation on a prospective basis.

*Stock Offerings*

In connection with the commencement of separate “at the market” offering programs, on each of February 1, 2021 and March 26, 2021, which are referred to as the “February 2021 ATM Program” and the “March 2021 ATM Program,” respectively, and collectively as the “ATM Programs,” the Company entered into separate equity distribution agreements with certain sales agents pursuant to which the Company may issue and sell shares of its common stock having an aggregate offering price of up to $500,000 under each of the February 2021 ATM Program and the March 2021 ATM Program, or a total of $1,000,000 under the ATM Programs.

During the six months ended June 30, 2021, the Company issued 59,907,761 shares of common stock under the ATM Programs for aggregate gross proceeds of $808,492 and net proceeds of $791,425 after commissions and other transaction costs. In addition, under the ATM Programs, the Company sold additional common shares at the end of the quarter ending June

23

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**14. Stockholders' Equity: (Continued)**

30, 2021 for aggregate gross proceeds of $14,927 and net proceeds of $14,629 after commissions, of which the shares settled and the proceeds were received in July 2021. The proceeds from the sales under the ATM Programs were used to pay down the Company’s line of credit (See Note 11 – Bank and Other Notes Payable). As of June 30, 2021, $176,581 remained available to be sold under the ATM Programs. Actual future sales will depend upon a variety of factors including, but not limited to, market conditions, the trading price of the Company’s common stock and the Company’s capital needs. The Company has no obligation to sell the remaining shares available for sale under the ATM Programs.

*Stock Buyback Program*

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 "Stock Buyback Program".

There were no repurchases under the Stock Buyback Program during the six months ended June 30, 2021 or 2020.

**15. Dispositions:**

On March 29, 2021, the Company sold Paradise Valley Mall in Phoenix, Arizona to a newly formed joint venture for $100,000 resulting in a gain on sale of assets and land of $5,563. Concurrent with the sale, the Company elected to reinvest into the new joint venture at a 5% ownership interest (see Note 4 – Investments in Unconsolidated Joint Ventures). The Company used the proceeds from the sale to pay down its line of credit and for other general corporate purposes.

**16. Commitments and Contingencies:**

As of June 30, 2021, the Company was contingently liable for $40,915 in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. As of June 30, 2021, $40,600 of these letters of credit were secured by restricted cash. The Company does not believe that these letters of credit will result in a liability to the Company.

The Company has entered into a number of construction agreements related to its redevelopment and development activities. Obligations under these agreements are contingent upon the completion of the services within the guidelines specified in the agreements. At June 30, 2021, the Company had $2,841 in outstanding obligations, which it believes will be settled in the next twelve months.

24

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**17. Related Party Transactions:**

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

The following are fees charged to unconsolidated joint ventures:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Management fees | | | $ | 3,986 |  |  | | | $ | 4,295 |  |  | | | $ | 7,803 |  |  | | | $ | 8,781 |  |
| Development and leasing fees | | | 1,555 | |  |  | | | 2,311 | |  |  | | | 2,985 | |  |  | | | 4,395 | |  |
|  | | | $ | 5,541 |  |  | | | $ | 6,606 |  |  | | | $ | 10,788 |  |  | | | $ | 13,176 |  |

Interest expense (income) from related party transactions includes $2,954 and $(32,807) for the three months ended June 30, 2021 and 2020, respectively, and $4,273 and $(77,050) for the six months ended June 30, 2021 and 2020, respectively, in connection with the Financing Arrangement (See Note 12—Financing Arrangement).

Due from affiliates includes $4,812 and $1,612 of unreimbursed costs and fees from unconsolidated joint ventures due to the Management Companies as of June 30, 2021 and December 31, 2020, respectively.

**18. 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 certain performance conditions of the Company and 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.

25

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**18. Share and Unit-Based Plans: (Continued)**

During the six months ended June 30, 2021, the Company granted the following LTIP Units:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Grant Date** | | |  | | | **Units** | | |  | | | **Type** | | |  | | | **Fair Value per LTIP Unit** | | |  | | | **Vest Date** | | |
| 1/1/2021 | | |  | | | 576,378 | |  |  | | | Service-based | | |  | | | $ | 10.67 |  |  | | | 12/31/2023 | | |
| 1/1/2021 | | |  | | | 1,005,073 | |  |  | | | Market-indexed | | |  | | | $ | 9.85 |  |  | | | 12/31/2023 | | |
|  | | |  | | | 1,581,451 | |  |  | | |  | | |  | | |  | | |  | | |  | | |

The fair value of the market-indexed LTIP Units (Level 3) granted on January 1, 2021 was estimated on the date of grant using a Monte Carlo Simulation model that assumed a risk-free interest rate of 0.17% and an expected volatility of 62.82%.

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, 2021 | | | 784,052 | |  |  | | | $ | 28.11 |  |  | | |  |  |  |  | 4,662 | |  |  | | | $ | 35.35 |  |  | | | 309,845 | |  |  | | | $ | 21.47 |  |
| Granted | | | 1,581,451 | |  |  | | | 10.15 | |  |  | | |  |  |  |  | 15,556 | |  |  | | | 11.38 | |  |  | | | 165,347 | |  |  | | | 14.55 | |  |
| Vested | | | (16,467) | |  |  | | | 29.86 | |  |  | | |  |  |  |  | (11,160) | |  |  | | | 16.75 | |  |  | | | (198,937) | |  |  | | | 18.64 | |  |
| Forfeited | | | — | |  |  | | | — | |  |  | | |  |  |  |  | — | |  |  | | | — | |  |  | | | (987) | |  |  | | | 22.12 | |  |
| Balance at June 30, 2021 | | | 2,349,036 | |  |  | | | $ | 16.01 |  |  | | |  |  |  |  | 9,058 | |  |  | | | $ | 17.10 |  |  | | | 275,268 | |  |  | | | $ | 19.35 |  |
|  | | |  | | |  | | |  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  |  |  |  |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| (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, 2021 | | |  |  |  |  | | | 37,515 | |  |  | | | $ | 54.34 |  |
| Granted | | |  |  |  |  | | | — | |  |  | | | — | |  |
| Exercised | | |  |  |  |  | | | — | |  |  | | | — | |  |
|  | | |  |  |  |  | | |  | | |  | | |  | | |
| Balance at June 30, 2021 | | |  |  |  |  | | | 37,515 | |  |  | | | $ | 54.34 |  |
|  | | |  |  |  |  | | |  | | |  | | |  | | |
|  | | |  |  |  |  | | |  | | |  | | |  | | |
| (1) Value represents the weighted average exercise price. | | | | | | | | |  |  |  |  |  |  |  |  |  |

26

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**THE MACERICH COMPANY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

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

**(Unaudited)**

**18. Share and Unit-Based Plans: (Continued)**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| LTIP Units | | | $ | 3,586 |  |  | | | $ | 3,350 |  |  | | | $ | 7,197 |  |  | | | $ | 6,564 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Stock units | | | 652 | |  |  | | | 694 | |  |  | | | 1,979 | |  |  | | | 2,896 | |  |
| Stock options | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Phantom stock units | | | 94 | |  |  | | | 166 | |  |  | | | 187 | |  |  | | | 353 | |  |
|  | | | $ | 4,332 |  |  | | | $ | 4,210 |  |  | | | $ | 9,363 |  |  | | | $ | 9,813 |  |

The Company capitalized share and unit-based compensation costs of $902 and $941 for the three months ended June 30, 2021 and 2020, respectively, and $1,903 and $2,320 for the six months ended June 30, 2021 and 2020, respectively. Unrecognized compensation costs of share and unit-based plans at June 30, 2021 consisted of $11,860 from LTIP Units, $2,661 from stock units and $155 from phantom stock units.

**19. Income Taxes:**

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

The income tax provision of the TRSs are as follows:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Current | | | $ | — |  |  | | | $ | 207 |  |  | | | $ | — |  |  | | | $ | 439 |  |
| Deferred | | | (7,107) | |  |  | | | 1,317 | |  |  | | | (9,345) | |  |  | | | 1,351 | |  |
| Total income tax (expense) benefit | | | $ | (7,107) |  |  | | | $ | 1,524 |  |  | | | $ | (9,345) |  |  | | | $ | 1,790 |  |

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 are carried forward indefinitely. The Coronavirus Aid, Relief and Economic Security Act removed the 80% of taxable income limitation, imposed by the Tax Cuts and Jobs Act, for NOLs generated in 2018, 2019 and 2020. Net deferred tax assets of $21,422 and $30,767 were included in deferred charges and other assets, net at June 30, 2021 and December 31, 2020, respectively.

The Company is required to establish a valuation allowance for any portion of the deferred tax asset that the Company concludes is more likely than not to be unrealizable. The Company’s assessment considers all evidence, both positive and negative, including the nature, frequency and severity of any current and cumulative losses, taxable income in carry back years, the scheduled reversal of deferred tax liabilities, tax planning strategies and projected future taxable income in making this assessment. As of June 30, 2021, the Company had no valuation allowance recorded.

The tax years 2017 through 2019 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.

**20. Subsequent Events:**

On July 30, 2021, the Company announced a dividend/distribution of $0.15 per share for common stockholders and OP Unitholders of record on August 19, 2021. All dividends/distributions will be paid 100% in cash on September 8, 2021.

27

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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 continuing adverse impact of the novel coronavirus ("COVID-19") on the U.S., regional and global economies and the financial condition and results of operations of the Company and its tenants; 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, including those made in "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020, as well as our other reports filed with the Securities and Exchange Commission (the "SEC"), which disclosures are incorporated herein by reference. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless required by law to do so.

**Management's Overview and Summary**

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community/power shopping centers located throughout the United States. The Company is the sole general partner of, and owns a majority of the ownership interests in, The Macerich Partnership, L.P. (the "Operating Partnership"). As of June 30, 2021, the Operating Partnership owned or had an ownership interest in 46 regional shopping centers and five community/power shopping centers. These 51 regional and community/power shopping centers (which include any related office space) consist of approximately 50 million square feet of gross leasable area and are referred to herein as the "Centers". The Centers consist of consolidated Centers ("Consolidated Centers") and unconsolidated joint venture Centers ("Unconsolidated Joint Venture 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.

28

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

The following discussion is based primarily on the consolidated financial statements of the Company for the three and six months ended June 30, 2021 and 2020. It compares the results of operations for the three months ended June 30, 2021 to the results of operations for the three months ended June 30, 2020. It also compares the results of operations and cash flows for the six months ended June 30, 2021 to the results of operations and cash flows for the six months ended June 30, 2020.

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

*Dispositions:*

On March 29, 2021, the Company sold Paradise Valley Mall in Phoenix, Arizona to a newly formed joint venture for $100 million, resulting in a gain on sale of assets of approximately $5.6 million. Concurrent with the sale, the Company elected to reinvest into the new joint venture at a 5% ownership interest. The Company used the $95.3 million of net proceeds from the sale to pay down its line of credit (See "Liquidity and Capital Resources").

*Financing Activities:*

On September 15, 2020, the Company closed on a loan extension agreement for the $191.0 million loan on Danbury Fair Mall. Under the extension agreement, the original loan maturity date of October 1, 2020 was extended to April 1, 2021. The loan was further extended to October 1, 2021. The loan amount and interest rate are unchanged following the extensions.

On November 17, 2020, the Company’s joint venture in Tysons VITA, the residential tower at Tysons Corner Center, placed a new $95.0 million loan on the property that bears interest at an effective rate of 3.43% and matures on December 1, 2030. Initial loan funding for the Company's joint venture was $90.0 million with future advance potential of up to $5.0 million. The Company used its share of the initial proceeds of $45.0 million for general corporate purposes.

On December 10, 2020, the Company made a loan (the “Partnership Loan”) to the Company’s joint venture in Fashion District Philadelphia to fund the entirety of a $100.0 million repayment to reduce the mortgage loan on Fashion District Philadelphia from $301.0 million to $201.0 million. This mortgage loan now matures on January 22, 2024, assuming exercise of a one-year extension option, and bears interest at LIBOR plus 3.5%, with a LIBOR floor of 0.50%. The partnership agreement for the joint venture was amended in connection with the Partnership Loan, and pursuant to the amended agreement, the Partnership Loan plus 15% accrued interest must be repaid prior to the resumption of 50/50 cash distributions to the Company and its joint venture partner.

On December 15, 2020, the Company closed on a loan extension agreement for the $101.5 million loan on Fashion Outlets of Niagara. Under the extension agreement the original loan maturity date of October 6, 2020 was extended to October 6, 2023. The loan amount and interest rate are unchanged following the extension.

On December 29, 2020, the Company’s joint venture closed on a one-year maturity date extension for the FlatIron Crossing loan to January 5, 2022. The interest rate increased from 3.85% to 4.10%, and the Company’s joint venture repaid $15.0 million, $7.6 million at the Company's pro rata share, of the outstanding loan balance at closing.

On January 22, 2021, the Company closed on a one-year extension for the Green Acres Mall $258.2 million loan to February 3, 2022, which also includes a one-year extension option to February 3, 2023. The interest rate remained unchanged, and the Company repaid $9 million of the outstanding loan balance at closing.

On March 25, 2021, the Company closed on a two-year extension for the Green Acres Commons $124.6 million loan to March 29, 2023. The interest rate is LIBOR plus 2.75% and the Company repaid $4.7 million of the outstanding loan balance at closing.

During the second quarter of 2020 and in July 2020, the Company secured agreements with its mortgage lenders on 19 mortgage loans to defer approximately $47.2 million of both second and third quarter of 2020 debt service payments at the Company’s pro rata share during the COVID-19 pandemic. Of the deferred payments, $28.1 million and $36.9 million was repaid in the three months and twelve months ended December 31, 2020, respectively; and the remaining balance was fully repaid during the first quarter of 2021.

On April 14, 2021, the Company terminated its existing credit facility and entered into a new credit agreement, which provides for an aggregate $700 million facility, including a $525 million revolving loan facility that matures on April 14, 2023, with a one-year extension option, and a $175 million term loan facility that matures on April 14, 2024 (See "Liquidity and Capital Resources").

29

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

*Redevelopment and Development Activities:*

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 $93.7 million of the total $374.8 million incurred by the joint venture as of June 30, 2021. The joint venture expects to fund the remaining costs of the development with its $414.6 million construction loan (See "Financing Activities").

The Company has 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 Company has funded $40.4 million of the total $80.8 million incurred by the joint venture as of June 30, 2021.

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 decides to expand the scope of the redevelopments. The Company has funded $39.4 million at its pro rata share as of June 30, 2021.

*Other Transactions and Events:*

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. As a result, all of the markets that the Company operates in were subject to stay-at-home orders, and the majority of its properties were temporarily closed in part or completely. Following staggered re-openings during 2020, all Centers have been open and operating since October 7, 2020. As of the date of this Quarterly Report on Form 10-Q, government-imposed capacity restrictions resulting from COVID-19 have been essentially eliminated across the Company's markets.

On December 31, 2020, the Company and its joint venture partner, Seritage Growth Properties (“Seritage”), entered into a distribution agreement. The joint venture owned nine properties, including the former Sears parcels at the South Plains Mall and the Arrowhead Towne Center. The joint venture distributed the former Sears parcel at South Plains Mall to the Company and the former Sears parcel at Arrowhead Towne Center to Seritage. The joint venture partners agreed that the distributed properties were of equal value. The Company now owns 100% of the former Sears parcel at South Plains Mall. Effective December 31, 2020, the Company consolidates its 100% interest in the Sears parcel at South Plains Mall in the Company’s consolidated financial statements.

In March 2020, the Company declared a reduced second quarter dividend of $0.50 per share of its common stock, which was paid on June 3, 2020 in a combination of cash and shares of common stock, at the election of the stockholder, subject to a limitation that the aggregate amount of cash payable to holders of the Company’s common stock would not exceed 20% of the aggregate amount of the dividend, or $0.10 per share, for all stockholders of record on April 22, 2020. The amount of the dividend represented a reduction from the Company’s first quarter 2020 dividend, and was paid in a combination of cash and shares of common stock to preserve liquidity in light of the impact and uncertainty arising out of the COVID-19 pandemic. The Company declared a further reduced cash dividend of $0.15 per share of its common stock for the third and fourth quarters of 2020 and for the first and second quarters of 2021. On July 30, 2021, the Company declared a third quarter cash dividend of $0.15 per share of its common stock, which will be paid on September 8, 2021 to stockholders of record on August 19, 2021. The dividend amount will be reviewed by the Board on a quarterly basis.

In connection with the commencement of separate "at the market" offering programs, on each of February 1, 2021 and March 26, 2021, which are referred to as the "February 2021 ATM Program" and the "March 2021 ATM Program," respectively, and collectively as the "ATM Programs," the Company entered into separate equity distribution agreements with certain sales agents pursuant to which the Company may issue and sell shares of its common stock having an aggregate offering price of up to $500 million under each of the February 2021 ATM Program and the March 2021 ATM Program, or a total of $1 billion under the ATM Programs.

See “Liquidity and Capital Resources” for a further discussion of the Company’s anticipated liquidity needs, and the measures taken by the Company to meet those needs, including the ATM Programs and the Company's new credit facility.

*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. In addition, approximately 3%

30

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

to 18% 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.

**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:*

Upon the acquisition of real estate properties, the Company evaluates whether the acquisition is a business combination or asset acquisition. For both business combinations and asset acquisitions, the Company allocates the purchase price of properties to acquired tangible assets and intangible assets and liabilities. For asset acquisitions, the Company capitalizes transaction costs and allocates the purchase price using a relative fair value method allocating all accumulated costs. For business combinations, the Company expenses transaction costs incurred and allocates purchase price based on the estimated fair value of each separately identified asset and liability. 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.

Remeasurement gains and losses are recognized when the Company becomes the primary beneficiary of an existing equity method investment that is a variable interest entity to the extent that the fair value of the existing equity investment exceeds the carrying value of the investment, and remeasurement losses to the extent the carrying value of the investment exceeds the fair value. The fair value is determined based on a discounted cash flow model, with the significant unobservable inputs including discount rate, terminal capitalization rate and market rents.

*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

31

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

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. A shortened holding period increases the risk that the carrying value of a long-lived asset is not 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 discount rate, terminal capitalization 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 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 Centers") 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 Centers and the Disposition Property, for the periods of comparison.

For the comparison of the three and six months ended June 30, 2021 to the three and six months ended June 30, 2020, the JV Transition Centers are Fashion District Philadelphia and Sears South Plains. For the comparison of the three and six months ended June 30, 2021 to the three and six months ended June 30, 2020, the Disposition Property is Paradise Valley Mall.

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.

32

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

The Company considers tenant annual sales, 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.

Portfolio monthly comparable tenant sales from spaces less than 10,000 square feet continued to improve, with April 2021 portfolio comparable tenant sales exceeding pre-COVID April 2019 sales by 9.9%, May 2021 portfolio comparable tenant sales surpassing pre-COVID May 2019 sales by 15.2% and June 2021 portfolio comparable tenant sales surpassing pre-COVID June 2019 sales by 14.9%. During the second quarter of 2021, comparable tenant sales from spaces less than 10,000 square feet across the portfolio increased by 13.4% relative to pre-COVID sales during the second quarter of 2019. The leased occupancy rate decreased from 91.3% at June 30, 2020 to 89.4% at June 30, 2021, but sequentially improved by 0.90% from 88.5% at March 31, 2021. Releasing spreads were essentially flat as the Company executed leases at an average rent of $55.61 for new and renewal leases executed compared to $55.70 on leases expiring, resulting in a releasing spread decrease of $0.09 per square foot representing a 0.16% decrease for the trailing twelve months ended June 30, 2021. This was a sequential improvement relative to re-leasing spreads for the twelve months ended March 31, 2021, which were a decrease of 2.1%.

The Company continues to renew or replace leases that are scheduled to expire in the remainder of 2021. As of June 30, 2021, the Company has executed leases or commitments from retailers that are in lease documentation for 81% of the leased space expiring in 2021. The remaining leases expiring in 2021 represented approximately 0.5 million square feet, and the Company is negotiating letters of intent for those spaces. These amounts exclude leases for stores that have closed or for stores that tenants have indicated they intend to close.

The Company has entered into 173 leases for new stores totaling approximately 863,000 square feet that have opened or are planned for opening in 2021. While there may be additional new store openings in 2021, any such leases are not yet executed.

During the trailing twelve months ended June 30, 2021, the Company signed 196 new leases and 550 renewal leases comprising approximately 2.6 million square feet of GLA, of which 1.5 million square feet is related to the consolidated Centers. The average tenant allowance was $18.47 per square foot. The Company's COVID-19 related lease amendments are excluded from these numbers.

**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 overall regional shopping center fundamentals in its markets are improving, the Company expects that its results for 2021 will be negatively impacted by the COVID-19 pandemic, Anchor closures and tenant bankruptcies, among other factors.

All Centers have been open and operating since October 7, 2020. As of the date of this Quarterly Report on Form 10-Q, government-imposed capacity restrictions resulting from COVID-19 have been essentially eliminated across the Company’s markets. The Company experienced a positive impact to its leasing revenue and improvement in occupancy recovery during the three months ending June 30, 2021. Leasing revenue increased by 13%, including joint ventures at the Company’s share, compared to the three months ended June 30, 2020. This increase was primarily due to increases in percentage rent, which was primarily driven by accelerating tenant sales and that the Company’s Centers were primarily closed in the second quarter of 2020, and a decrease in bad debt reserves offset by $15.4 million of retroactive rent abatements incurred in the second quarter of 2021. During the three and six months ended June 30, 2021, certain of the Company’s previously reserved accounts receivable were collected resulting in a reduction of bad debt expense. These collections were a result of improving economic conditions that have become evident as the impact of the pandemic has eased as well as collection efforts by the Company.

As a result of government-imposed capacity restrictions resulting from COVID-19 essentially being eliminated across the Company’s markets, combined with pent up demand, the positive economic impacts of consumer savings, fiscal stimulus and other factors, sales and traffic at the Company's Centers continued to greatly improve during the second quarter of 2021 with extremely high customer conversion rates. Traffic levels continue to range in the low 90%’s relative to 2019, with the strongest traffic trends in the Company’s Phoenix area properties, where traffic is generally back to pre-COVID 2019 levels given that Phoenix has been the Company's least impacted major market in terms of regulatory restrictions. Comparable tenant sales from spaces less than 10,000 square feet across the portfolio increased by 13.4% relative to pre-COVID sales during the second quarter of 2019. For the first half of 2021, comparable tenant sales from spaces less than 10,000 square feet across the portfolio increased by 5.3% relative to pre-COVID sales during the first half of 2019. Further, May and June 2021 each mark the first months since March 2020 for which portfolio sales within the Company’s capacity-restricted food and beverage category have trended positive relative to the same pre-COVID months during 2019.

33

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

During the second quarter of 2021, the Company signed 223 leases for approximately 692,000 square feet (excluding COVID-19 workout deals), which represents a 15% increase in the number of leases and a 6% increase in the leased square feet relative to what was leased during the pre-COVID second quarter of 2019. For the six months ended June 30, 2021, the Company has signed 488 leases for approximately 1.86 million square feet, which represents an 18% increase in the number of leases and a 34% increase in the amount of leased square feet relative to what was leased over the same pre-COVID six month period ended June 30, 2019. 2019 was the highest volume leasing year for the Company since 2015.

As of June 30, 2021, the leased occupancy rate increased to 89.4% compared to the leased occupancy rate at March 31, 2021 of 88.5%.

The Company's rent collections have continued to significantly improve and are now comparable to pre-COVID levels. The Company has made significant progress in its negotiations with national and local tenants to secure rental payments, despite a significant portion of the Company’s tenants requesting rental assistance, whether in the form of deferral or rent reduction. This effort of negotiating COVID rental assistance agreements is essentially now completed. The lease amendments negotiated by the Company have resulted in a combination of rent payment deferrals and rent abatements. The majority of the Company’s leases required continued payment of rent by the Company’s tenants during the period of government mandated closures caused by COVID-19. Additionally, many of the Company’s leases contain co-tenancy clauses. Certain Anchor or small tenant closures have become permanent following the re-opening of the Company's Centers, and co-tenancy clauses within certain leases may be triggered as a result. The Company does not anticipate any negative impact of such clauses on lease revenue will be significant.

During the year ended December 31, 2020, the Company incurred $56.4 million of rent abatements at the Company’s share relating primarily to 2020 rents as a result of COVID-19 and negotiated $32.9 million of rent deferrals during the year ended December 31, 2020 at the Company’s share. During the three and six months ended June 30, 2021, the Company incurred $15.4 million and $44.3 million, respectively, of rent abatements at the Company’s share relating primarily to 2020 rents as a result of COVID-19, and negotiated $4.3 million and $4.9 million, respectively, of rent deferrals during the three and six months ended June 30, 2021, each at the Company’s share. As of June 30, 2021, $8.6 million of the rent deferrals remain outstanding, with $5.2 million scheduled to be repaid during the remainder of 2021 and the balance scheduled for repayment in 2022 and 2023.

During 2020, there were 42 bankruptcy filings involving the Company’s tenants, totaling 322 leases and involving approximately 6.0 million square feet and $85.4 million of annual leasing revenue at the Company’s share. During 2021, the pace of such filings has decreased substantially, as there were eight bankruptcy filings involving the Company's tenants, totaling 57 leases and involving approximately 355,000 square feet and $10.9 million of annual leasing revenue at the Company's share. This included two leases totaling 139,000 square feet with a single department store retailer that quickly emerged from bankruptcy and assumed both of its leases with the Company. Excluding this department store retailer, bankruptcy filings during 2021 are only 216,000 square feet. The current pace of 2021 bankruptcy filings is well lower than the past several years, dating back to 2016 and 2015.

During 2021, the Company expects to generate significant cash flow from operations after recurring operating capital expenditures, leasing capital expenditures and payment of dividends. This assumption does not include any potential capital generated from dispositions, refinancings or issuances of common equity. This expected surplus will be used to de-lever the Company's balance sheet as well as to fund the Company's development pipeline.

Given the continued disruption and uncertainties from COVID-19 and the related impacts on the capital markets, the Company has secured extensions of term from one to three years of its near-term maturing non-recourse mortgage loans on Danbury Fair Mall, Fashion Outlets of Niagara, FlatIron Crossing, Green Acres Mall and Green Acres Commons (See "Financing Activities" in Management's Overview and Summary).

On April 14, 2021, the Company repaid and terminated its existing credit facility and entered into a new credit agreement, which provides for an aggregate $700 million facility, including a $525 million revolving loan facility that matures on April 14, 2023, with a one-year extension option, and a $175 million term loan facility that matures on April 14, 2024. Concurrent with the closing of this credit facility, the Company repaid $985.0 million of debt (See "Liquidity and Capital Resources").

Rising interest rates could 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. In today’s decreasing interest rate environment, the swap agreements that the Company has entered into have resulted in increases in interest expense. Those swap agreements expire in September 2021.

34

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**Comparison of Three Months Ended June 30, 2021 and 2020**

*Revenues:*

Leasing revenue increased by $28.2 million, or 16.7%, from 2020 to 2021. The increase in leasing revenue is attributed to increases of $15.3 million from the Same Centers and $14.2 million from the JV Transition Centers offset in part by a decrease of $1.3 million from the Disposition Property. Leasing revenue includes the amortization of above and below-market leases, the amortization of straight-line rents, lease termination income, percentage rent and the provision for bad debts. The amortization of above and below-market leases increased from $0.4 million in 2020 to $0.6 million in 2021. The amortization of straight-line rents increased from $(1.8) million in 2020 to $6.0 million in 2021. Lease termination income increased from $1.5 million in 2020 to $5.2 million in 2021. Percentage rent increased from $0.9 million in 2020 to $10.3 million in 2021. Provision for bad debts decreased from $27.8 million in 2020 to $(9.1) million in 2021. The increase in leasing revenue and decrease in bad debt at the Same Centers is primarily the result of the Centers being opened in 2021 compared to being closed in second quarter of 2020 and an increase in tenant sales to pre-COVID 2019 levels (See "Other Transactions and Events" in Management's Overview and Summary).

Other income increased from $3.0 million in 2020 to $11.9 million in 2021. This is primarily due to increased parking garage income resulting from increased traffic at the Centers.

Management Companies' revenue decreased from $6.8 million in 2020 to $6.6 million in 2021.

*Shopping Center and Operating Expenses:*

Shopping center and operating expenses increased $10.5 million, or 18.4%, from 2020 to 2021. The increase in shopping center and operating expenses is attributed to increases of $7.0 million from the Same Centers and $4.3 million from the JV Transition Centers offset in part by a decrease of $0.8 million from the Disposition Property. The increase in shopping center and operating expenses at the Same Centers is primarily the result of the Centers being closed in the second quarter of 2020 (See "Other Transactions and Events" in Management's Overview and Summary).

*Leasing Expenses:*

Leasing expenses decreased from $6.7 million in 2020 to $6.6 million in 2021.

*Management Companies' Operating Expenses:*

Management Companies' operating expenses decreased $1.4 million from 2020 to 2021 primarily due to a decrease in compensation expense.

*REIT General and Administrative Expenses:*

REIT general and administrative expenses decreased $1.6 million from 2020 to 2021 primarily due to a decrease in compensation and consulting expense.

*Depreciation and Amortization:*

Depreciation and amortization decreased $2.7 million from 2020 to 2021. The decrease in depreciation and amortization is attributed to a decrease of $4.1 million from the Same Centers and $1.4 million from the Disposition Property offset in part by an increase of $2.8 million from the JV Transition Centers.

*Interest Expense:*

Interest expense increased $34.9 million from 2020 to 2021. The increase in interest expense is attributed to an increase of $35.8 million from the Financing Arrangement (See Note 12—Financing Arrangement in the Company's Notes to the Consolidated Financial Statements) and $1.5 million from the JV Transition Centers offset in part by decreases of $1.4 million from the Company's revolving line of credit and $1.0 million from the Same Centers. The increase 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.

35

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

*Equity in (Loss) Income of Unconsolidated Joint Ventures:*

Equity in (loss) income of unconsolidated joint ventures increased $34.2 million from 2020 to 2021. The increase in equity in (loss) income of unconsolidated joint ventures is primarily due to an increase in leasing revenue, percentage rent, other income and a decrease in the provision for bad debt as a result of the Centers being opened in 2021 compared to being closed in the second quarter of 2020 (See "Other Transactions and Events" in Management's Overview and Summary).

*Loss on Sale or Write Down of Assets, net:*

The loss on sale or write down of assets, net was a loss of $3.9 million in each of 2020 and 2021.

*Net Loss:*

Net loss decreased $22.7 million from 2020 to 2021. The decrease in net loss is primarily due to the variances noted 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 increased 110.8% from $60.5 million in 2020 to $127.6 million in 2021. For a reconciliation of net 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.

**Comparison of Six Months Ended June 30, 2021 and 2020**

*Revenues:*

Leasing revenue decreased by $3.0 million, or 0.8%, from 2020 to 2021. The decrease in leasing revenue is attributed to decreases of $19.1 million from the Same Centers and $1.7 million from the Disposition Property offset in part by increases of $17.8 million from the JV Transition Centers. Leasing revenue includes the amortization of above and below-market leases, the amortization of straight-line rents, lease termination income, percentage rent and the provision for bad debts. The amortization of above and below-market leases increased from $0.8 million in 2020 to $1.0 million in 2021. Straight-line rents increased from $0.4 million in 2020 to $10.8 million in 2021. Lease termination income increased from $2.7 million in 2020 to $8.1 million in 2021. Percentage rent increased from $3.7 million in 2020 to $17.2 million in 2021. Provision for bad debts decreased from $28.7 million in 2020 to $(5.9) million in 2021. The decrease in leasing revenue at the Same Centers is primarily the result of COVID-19 (See "Other Transactions and Events" in Management's Overview and Summary).

Other income increased from $12.3 million in 2020 to $17.2 million in 2021. This increase is primarily due to increased parking garage income resulting from increased traffic at the Centers in 2021 compared to 2020 (See "Other Transactions and Events" in Management's Overview and Summary).

Management Companies' revenue decreased from $13.8 million in 2020 to $12.2 million in 2021 due to a decrease in management fees and development fees.

*Shopping Center and Operating Expenses:*

Shopping center and operating expenses increased $16.0 million, or 12.5%, from 2020 to 2021. The increase in shopping center and operating expenses is attributed to increases of $9.2 million from the JV Transition Centers and $7.8 million from the Same Centers. The increase in shopping center and operating expenses at the Same Centers is primarily the result of the Centers being closed in the second quarter of 2020 (See "Other Transactions and Events" in Management's Overview and Summary).

*Leasing Expenses:*

Leasing expenses decreased from $14.1 million in 2020 to $11.8 million in 2021 due to a decrease in compensation expense.

*Management Companies' Operating Expenses:*

Management Companies' operating expenses decreased $2.8 million from 2020 to 2021 due to a decrease in compensation expense.

36

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

*REIT General and Administrative Expenses:*

REIT general and administrative expenses decreased $0.3 million from 2020 to 2021.

*Depreciation and Amortization:*

Depreciation and amortization decreased $6.5 million from 2020 to 2021. The decrease in depreciation and amortization is attributed to decreases of $10.9 million from the Same Centers and $1.6 million from the Disposition Property offset in part by an increase of $6.0 million from the JV Transition Centers.

*Interest Expense:*

Interest expense increased $80.7 million from 2020 to 2021. The increase in interest expense was attributed to an increase of $81.3 million from the Financing Arrangement (See Note 12—Financing Arrangement in the Company's Notes to the Consolidated Financial Statements) and $3.3 million from the JV Transition Centers offset in part by decreases of $3.3 million from the Same Centers and $0.6 million from the Company's revolving line of credit. The increase 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 (Loss) of Unconsolidated Joint Ventures:*

Equity in income (loss) of unconsolidated joint ventures increased $26.4 million from 2020 to 2021. The increase in equity in income (loss) of unconsolidated joint ventures is primarily due to a decrease in the provision for bad debts and an increase in percentage rent in 2021 compared to 2020.

*Loss on Sale or Write Down of Assets, net:*

Loss on sale or write down of assets, net decreased $15.4 million from 2020 to 2021. The decrease in loss on sale or write down of assets, net is primarily due to the $36.7 million of impairment losses on Wilton Mall and Paradise Valley Mall in 2020 and $19.8 million gain in land sales in 2021 offset in part by the sale and impairment loss of $41.6 million on Estrella Falls in 2021. The impairment losses were due to the reduction in the estimated holding periods of the properties.

*Net Loss:*

Net loss decreased $53.8 million from 2020 to 2021. The decrease in net loss is primarily the result of COVID-19 (See "Other Transactions and Events" in Management's Overview and Summary).

*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 increased 10.9% from $183.2 million in 2020 to $203.1 million in 2021. For a reconciliation of net 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 $128.4 million from 2020 to 2021. 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 increased $214.0 million from 2020 to 2021. The increase in cash provided by investing activities is primarily attributed to proceeds from the sale of assets of $149.7 million, proceeds from notes receivable of $1.3 million, a decrease in contributions to unconsolidated joint ventures of $40.9 million and an increase of $21.8 million in distributions from unconsolidated joint ventures.

*Financing Activities:*

Cash provided by financing activities decreased $955.2 million from 2020 to 2021. The decrease in cash provided by financing activities is primarily due to decreases in proceeds from mortgages, bank and other notes payable of $165.0 million and a decrease in payments on mortgages, bank and other notes payable of $1,616.4 million offset in part by net proceeds from sales of common shares under the ATM Programs of $791.4 million and a decrease in dividends and distributions of $62.0 million.

37

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**Liquidity and Capital Resources**

The Company has historically met 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 line of credit. Following the uncertain environment brought about by COVID-19, the Company took a number of previously disclosed measures to enhance its liquidity position over the short-term, but currently anticipates meeting its liquidity needs as it has done historically.

The following tables summarize capital expenditures incurred at the Centers (at the Company's pro rata share):

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |
|  | | | **For the Six Months Ended June 30,** | | | | | | | | |
| **(Dollars in thousands)** | | | **2021** | | |  | | | **2020** | | |
| ***Consolidated Centers:*** | | |  | | |  | | |  | | |
| Acquisitions of property, building improvement and equipment | | | $ | 7,285 |  |  | | | $ | 6,986 |  |
| Development, redevelopment, expansions and renovations of Centers | | | 22,764 | |  |  | | | 22,834 | |  |
| Tenant allowances | | | 8,141 | |  |  | | | 5,186 | |  |
| Deferred leasing charges | | | 1,427 | |  |  | | | 1,499 | |  |
|  | | | $ | 39,617 |  |  | | | $ | 36,505 |  |
| ***Joint Venture Centers:*** | | |  | | |  | | |  | | |
| Acquisitions of property, building improvement and equipment | | | $ | 3,365 |  |  | | | $ | 3,806 |  |
| Development, redevelopment, expansions and renovations of Centers | | | 24,585 | |  |  | | | 54,169 | |  |
| Tenant allowances | | | 3,949 | |  |  | | | 638 | |  |
| Deferred leasing charges | | | 1,408 | |  |  | | | 865 | |  |
|  | | | $ | 33,307 |  |  | | | $ | 59,478 |  |

The Company expects amounts to be incurred during the next twelve months for tenant allowances and deferred leasing charges to be less than or comparable to 2020. The Company expects to incur less than $60.0 million during the remaining period of 2021 for development, redevelopment, expansion and renovations. This excludes the Company's share of the remaining development costs associated with One Westside, which is fully funded by a non-recourse construction facility. Capital for these expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of cash on hand, debt financings, which are expected to include borrowings under the Company's line of credit, from property financings and construction loans, each to the extent available.

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. 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.

On each of February 1, 2021 and March 26, 2021, the Company registered a separate "at the market" offering program, pursuant to which the Company may issue and sell shares of its common stock having an aggregate offering price of up to $500 million under each ATM Program, or a total of $1.0 billion under the ATM Programs, in amounts and at times to be determined by the Company. The following table sets forth certain information with respect to issuances made under each of the ATM Programs as of June 30, 2021.

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **(Dollars and shares in thousands)** | | | **February 2021 ATM Program** | | | | | | | | |  | | | **March 2021 ATM Program(1)** | | | | | | | | |
| **For the Three Months Ended:** | | | **Number of Shares Issued** | | | **Net Proceeds** | | | **Sales Commissions** | | |  | | | **Number of Shares Issued** | | | **Net Proceeds** | | | **Sales Commissions** | | |
| March 31, 2021 | | | 36,001 | |  | $ | 477,283 |  | $ | 9,746 |  |  | | | 9,991 | |  | $ | 119,724 |  | $ | 2,449 |  |
| June 30, 2021 | | | 686 | |  | $ | 12,269 |  | $ | 254 |  |  | | | 13,229 | |  | $ | 182,149 |  | $ | 3,719 |  |
| Total | | | 36,687 | |  | $ | 489,552 |  | $ | 10,000 |  |  | | | 23,220 | |  | $ | 301,873 |  | $ | 6,168 |  |

(1) The table does not reflect shares sold at the end of the quarter that did not settle until July 2021 (See Note 14-Stockholders' Equity).

38

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

As of June 30, 2021, including sales of shares that did not settle until July 2021, the Company had approximately $176.6 million of gross sales of its common stock available under the March 2021 ATM Program. The February 2021 ATM Program was fully utilized as of June 30, 2021 and is no longer active.

The capital and credit markets can fluctuate and, at times, limit access to debt and equity financing for companies. 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 as a result of COVID-19 or other factors. 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. Increases in the Company's proportion of floating rate debt will cause it to be subject to interest rate fluctuations in the future.

The Company's total outstanding loan indebtedness, which includes mortgages and other notes payable, at June 30, 2021 was $7.5 billion (consisting of $4.9 billion of consolidated debt, less $456.7 million of noncontrolling interests, plus $3.1 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.

Given the continued disruption and uncertainties from COVID-19 and the related impacts on the capital markets, the Company has secured extensions of term from one to three years of its near-term maturing non-recourse mortgage loans on Danbury Fair Mall, Fashion Outlets of Niagara, FlatIron Crossing, Green Acres Mall and Green Acres Commons (See “Financing Activities” in Management’s Overview and Summary).

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.

On March 29, 2021, the Company sold Paradise Valley Mall to a newly formed joint venture for $100 million. Concurrent with the sale, the Company elected to reinvest into the joint venture at a 5% ownership interest. The Company received $95.3 million of net proceeds (See “Dispositions” in Management’s Overview and Summary).

On April 14, 2021, the Company terminated its existing credit facility and entered into a new credit agreement, which provides for an aggregate $700 million facility, including a $525 million revolving loan facility that matures on April 14, 2023, with a one-year extension option, and a $175 million term loan facility that matures on April 14, 2024. The revolving loan facility can be expanded up to $800 million, subject to receipt of lender commitments and other conditions. Concurrently with entering into the new credit agreement, the Company drew the $175 million term loan in its entirety and drew $320 million of the amount available under the revolving loan facility. Simultaneously with entering into the new credit agreement, the Company repaid $985 million of debt, which included terminating and repaying all amounts outstanding under its prior revolving line of credit facility. All obligations under the facility are guaranteed unconditionally by the Company and are secured in the form of mortgages on certain wholly-owned assets and pledges of equity interests held by certain of the Company’s subsidiaries. The new credit facility bears interest at LIBOR plus a spread of 2.25% to 3.25% depending on Company’s overall leverage level. As of June 30, 2021, the borrowing rate was LIBOR plus 2.25%, as compared to LIBOR plus 2.5% when the facility closed in April 2021. As of June 30, 2021, borrowings under the facility were $280 million less unamortized deferred finance costs of $17.4 million for the revolving loan facility at a total interest rate of 3.69% and $104.4 million for the term loan facility at a total interest rate of 2.50%.

Previously, the Company had a $1.5 billion revolving line of credit that bore interest at LIBOR plus a spread of 1.30% to 1.90%, depending on the Company's overall leverage level, and was to mature on July 6, 2020. On April 8, 2020, the Company exercised its option to extend the maturity of the facility to July 6, 2021. The line of credit could have been expanded, depending on certain conditions, up to a total facility of $2.0 billion. Based on the Company's leverage level as of December 31, 2020, the borrowing rate on the facility was LIBOR plus 1.65%. On April 14, 2021, the Company repaid the $985 million of outstanding debt and terminated this credit facility. The Company had four interest rate swap agreements that effectively converted a total of $400 million of the outstanding balance from floating rate debt of LIBOR plus 1.65% to fixed rate debt of 4.50% until September 30, 2021. These swaps are now hedged against the Santa Monica Place floating rate loan and a portion of the Green Acres Commons floating rate loan effectively converting the Santa Monica Place loan and a majority of the Green Acres Commons loan to fixed rate debt through September 30, 2021 (See Note 5 – Derivative Instruments and Hedging Activities and Note 10 – Mortgage Notes Payable in the Company’s Notes to the Consolidated Financial Statements).

39

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

Cash dividends and distributions for the six months ended June 30, 2021 were $68.5 million, which were funded by operations.

At June 30, 2021, the Company was in compliance with all applicable loan covenants under its agreements.

At June 30, 2021, the Company had cash and cash equivalents of $194.0 million.

*Off-Balance Sheet Arrangements:*

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

As of June 30, 2021, one of the Company's joint ventures had $50.0 million of debt that could become recourse to the Company should the joint venture be unable to discharge the obligation of the related debt.

Additionally, as of June 30, 2021, the Company was contingently liable for $40.9 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. As of June 30, 2021, $40.6 million of these letters of credit were secured by restricted cash. The Company does not believe that these letters of credit will result in a liability to the Company.

*Contractual Obligations:*

The following is a schedule of contractual obligations as of June 30, 2021 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) | | | $ | 5,778,526 |  |  | | | $ | 739,393 |  |  | | | $ | 1,668,470 |  |  | | | $ | 1,363,543 |  |  | | | $ | 2,007,120 |  |
| Lease liabilities(2) | | | 179,754 | |  |  | | | 18,456 | |  |  | | | 27,065 | |  |  | | | 17,315 | |  |  | | | 116,918 | |  |
| Purchase obligations(3) | | | 2,841 | |  |  | | | 2,841 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Other long-term liabilities | | | 171,400 | |  |  | | | 99,408 | |  |  | | | 28,199 | |  |  | | | 13,744 | |  |  | | | 30,049 | |  |
|  | | | $ | 6,132,521 |  |  | | | $ | 860,098 |  |  | | | $ | 1,723,734 |  |  | | | $ | 1,394,602 |  |  | | | $ | 2,154,087 |  |

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

(1)Interest payments on floating rate debt were based on rates in effect at June 30, 2021.

(2)See Note 8—Leases in the Company's Notes to the Consolidated Financial Statements.

(3)See Note 16—Commitments and Contingencies in the Company's Notes to the Consolidated Financial Statements.

40

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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 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.

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 and loss on extinguishment of debt, net.

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 and non-routine costs associated with extinguishment of debt 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.

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 (loss) 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 (loss) income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

41

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

The following reconciles net loss 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 for the six months ended June 30, 2021 and 2020 (dollars and shares in thousands):

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|  | | |  | | | **For the Three Months Ended June 30,** | | | | | | | | |  | | | **For the Six Months Ended June 30,** | | | | | | | | |
|  | | |  | | | **2021** | | |  | | | **2020** | | |  | | | **2021** | | |  | | | **2020** | | |
| Net loss attributable to the Company | | |  | | | $ | (11,765) |  |  | | | $ | (25,116) |  |  | | | $ | (75,369) |  |  | | | $ | (17,594) |  |
| Adjustments to reconcile net loss attributable to the Company to FFO attributable to common stockholders and unit holders—basic and diluted: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Noncontrolling interests in the Operating Partnership | | |  | | | 87 | |  |  | | | (1,851) | |  |  | | | (4,269) | |  |  | | | (1,294) | |  |
| Loss on sale or write down of assets, net—consolidated assets | | |  | | | 3,927 | |  |  | | | 3,867 | |  |  | | | 25,210 | |  |  | | | 40,570 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Add: noncontrolling interests share of gain on sale or write down of assets—consolidated assets | | |  | | | 5,902 | |  |  | | | — | |  |  | | | 5,855 | |  |  | | | — | |  |
| Add: gain on sale of undepreciated assets—consolidated assets | | |  | | | 15,722 | |  |  | | | 40 | |  |  | | | 19,818 | |  |  | | | 40 | |  |
| Less: noncontrolling interests share of gain of undepreciated assets—consolidated assets | | |  | | | (4,894) | |  |  | | | — | |  |  | | | (6,085) | |  |  | | | — | |  |
| Loss on write-down of non-real estate assets—consolidated assets | | |  | | | (1,000) | |  |  | | | (2,793) | |  |  | | | (2,200) | |  |  | | | (2,793) | |  |
| Loss on sale or write down of assets—unconsolidated joint ventures, net(1) | | |  | | | 106 | |  |  | | | 6 | |  |  | | | 79 | |  |  | | | 6 | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Depreciation and amortization—consolidated assets | | |  | | | 77,630 | |  |  | | | 80,294 | |  |  | | | 156,026 | |  |  | | | 162,507 | |  |
| Less: noncontrolling interests in depreciation and amortization—consolidated assets | | |  | | | (5,085) | |  |  | | | (3,828) | |  |  | | | (9,160) | |  |  | | | (7,617) | |  |
| Depreciation and amortization—unconsolidated joint ventures(1) | | |  | | | 46,126 | |  |  | | | 46,418 | |  |  | | | 93,232 | |  |  | | | 95,927 | |  |
| Less: depreciation on personal property | | |  | | | (3,309) | |  |  | | | (3,876) | |  |  | | | (6,687) | |  |  | | | (8,202) | |  |
| FFO attributable to common stockholders and unit holders—basic and diluted | | |  | | | 123,447 | |  |  | | | 93,161 | |  |  | | | 196,450 | |  |  | | | 261,550 | |  |
| Financing expense in connection with Chandler Freehold | | |  | | | 4,147 | |  |  | | | (32,626) | |  |  | | | 6,698 | |  |  | | | (78,333) | |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| FFO attributable to common stockholders and unit holders, excluding financing expense in connection with Chandler Freehold—basic and diluted | | |  | | | $ | 127,594 |  |  | | | $ | 60,535 |  |  | | | $ | 203,148 |  |  | | | $ | 183,217 |  |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Weighted average number of FFO shares outstanding for: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| FFO attributable to common stockholders and unit holders—basic(2) | | |  | | | 215,576 | |  |  | | | 154,606 | |  |  | | | 192,633 | |  |  | | | 153,260 | |  |
| Adjustments for impact of dilutive securities in computing FFO—diluted: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Share and unit based compensation plans | | |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |
| Weighted average number of FFO shares outstanding for FFO attributable to common stockholders and unit holders—basic and diluted(2) | | |  | | | 215,576 | |  |  | | | 154,606 | |  |  | | | 192,633 | |  |  | | | 153,260 | |  |

(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 9.8 million and 10.5 million OP Units for the three months ended June 30, 2021 and 2020, respectively, and 10.3 million and 10.5 million for the six months ended June 30, 2021 and 2020, respectively.

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.

42

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**Item 3.    Quantitative and Qualitative Disclosures About Market Risk**

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

The following table sets forth information as of June 30, 2021 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 ending June 30,** | | | | | | | | | | | | | | | | | | | | | | | | | | |  | | |  | | |  | | |  | | |  | | |  | | |
|  | | | **2022** | | |  | | | **2023** | | |  | | | **2024** | | |  | | | **2025** | | |  | | | **2026** | | |  | | | **Thereafter** | | |  | | | **Total** | | |  | | | **Fair Value** | | |
| **CONSOLIDATED CENTERS:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Long-term debt: | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Fixed rate(1) | | | $ | 554,762 |  |  | | | $ | 672,618 |  |  | | | $ | 100,888 |  |  | | | $ | 978,269 |  |  | | | $ | 216,463 |  |  | | | $ | 1,785,000 |  |  | | | $ | 4,308,000 |  |  | | | $ | 4,208,028 |  |
| Average interest rate | | | 4.55 | | % |  | | | 4.18 | | % |  | | | 5.73 | | % |  | | | 3.70 | | % |  | | | 3.49 | | % |  | | | 3.92 | | % |  | | | 4.01 | | % |  | | |  | | |
| Floating rate | | | — | |  |  | | | 35,320 | |  |  | | | 574,002 | |  |  | | | — | |  |  | | | — | |  |  | | | — | |  |  | | | 609,322 | |  |  | | | 609,621 | |  |
| Average interest rate | | | — | | % |  | | | 3.01 | | % |  | | | 3.00 | | % |  | | | — | | % |  | | | — | | % |  | | | — | | % |  | | | 3.00 | | % |  | | |  | | |
| Total debt—Consolidated Centers | | | $ | 554,762 |  |  | | | $ | 707,938 |  |  | | | $ | 674,890 |  |  | | | $ | 978,269 |  |  | | | $ | 216,463 |  |  | | | $ | 1,785,000 |  |  | | | $ | 4,917,322 |  |  | | | $ | 4,817,649 |  |
| **UNCONSOLIDATED JOINT VENTURE CENTERS:** | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Long-term debt (at Company's pro rata share): | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |  | | |
| Fixed rate | | | $ | 149,343 |  |  | | | $ | 677,214 |  |  | | | $ | 371,525 |  |  | | | $ | 36,896 |  |  | | | $ | 553,369 |  |  | | | $ | 1,231,392 |  |  | | | $ | 3,019,739 |  |  | | | $ | 2,973,643 |  |
| Average interest rate | | | 3.98 | | % |  | | | 3.52 | | % |  | | | 4.08 | | % |  | | | 3.92 | | % |  | | | 3.82 | | % |  | | | 3.88 | | % |  | | | 3.82 | | % |  | | |  | | |
| Floating rate | | | 34,092 | |  |  | | | — | |  |  | | | 9,742 | |  |  | | | 48,231 | |  |  | | | — | |  |  | | | — | |  |  | | | 92,065 | |  |  | | | 88,210 | |  |
| Average interest rate | | | 2.09 | | % |  | | | — | | % |  | | | 1.94 | | % |  | | | 1.79 | | % |  | | | — | | % |  | | | — | | % |  | | | 1.92 | | % |  | | |  | | |
| Total debt—Unconsolidated Joint Venture Centers | | | $ | 183,435 |  |  | | | $ | 677,214 |  |  | | | $ | 381,267 |  |  | | | $ | 85,127 |  |  | | | $ | 553,369 |  |  | | | $ | 1,231,392 |  |  | | | $ | 3,111,804 |  |  | | | $ | 3,061,853 |  |

(1)    The notional amount of the swaps that were previously hedged against the Company's prior revolving line of credit are now hedged against the Santa Monica Place floating rate debt and a portion of Green Acres Commons floating rate debt effectively converting the Santa Monica Place loan and a majority of the Green Acres Commons loan to fixed rate debt through September 30, 2021 (See Note 5—Derivative Instruments and Hedging Activities in the Company's Notes to the Consolidated Financial Statements).

The Consolidated Centers' total fixed rate debt at each of June 30, 2021 and December 31, 2020 was $4.3 billion. The average interest rate on the fixed rate debt at June 30, 2021 and December 31, 2020 was 4.01% and 3.98%, respectively. The Consolidated Centers' total floating rate debt at each of June 30, 2021 and December 31, 2020 was $0.6 billion and $1.7 billion, respectively. The average interest rate on the floating rate debt at June 30, 2021 and December 31, 2020 was 3.00% and 2.08%, respectively.

The Company's pro rata share of the unconsolidated joint venture Centers' fixed rate debt at each of June 30, 2021 and December 31, 2020 was $3.0 billion. The average interest rate on the fixed rate debt at June 30, 2021 and December 31, 2020 was 3.82%. The Company's pro rata share of the unconsolidated joint venture Centers' floating rate debt at June 30, 2021 and December 31, 2020 was $92.1 million and $70.5 million, respectively. The average interest rate on the floating rate debt at June 30, 2021 and December 31, 2020 was 1.92% and 2.02%, respectively.

The Company uses derivative financial instruments in the normal course of business to manage or hedge interest rate risk and records all derivatives on the balance sheet at fair value. Interest rate cap agreements offer protection against floating rates on the notional amount from exceeding the rates noted in the above schedule, and interest rate swap agreements effectively replace a floating rate on the notional amount with a fixed rate as noted above. As of June 30, 2021, 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).

43

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

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 $7.0 million per year based on $0.7 billion of floating rate debt outstanding at June 30, 2021.

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 July 2017, the Financial Conduct Authority (the “FCA”), the authority that regulates LIBOR, announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021, and, on March 5, 2021, the FCA announced that USD-LIBOR will no longer be published after June 30, 2023. In the event that LIBOR is discontinued after June 30, 2023, 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.

**Item 4.    Controls and Procedures**

As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, management carried out an evaluation, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on their evaluation as of June 30, 2021, 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, 2020.

44

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

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

None

**Issuer Purchases of Equity Securities**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Period** | | |  | | | **Total Number of Shares Purchased** | | |  | | |  | | | **Average Price Paid per Share** | | |  | | | **Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs** | | |  | | |  | | | **Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs (1)** | | |  | | |
| April 1, 2021 to April 30, 2021 | | |  | | | — | |  |  | | |  | | | $ | — |  |  | | | — | |  |  | | |  | | | $ | 278,707,048 |  |  | | |
| May 1, 2021 to May 31, 2021 | | |  | | | — | |  |  | | |  | | | — | |  |  | | | — | |  |  | | |  | | | $ | 278,707,048 |  |  | | |
| June 1, 2021 to June 30, 2021 | | |  | | | — | |  |  | | |  | | | — | |  |  | | | — | |  |  | | |  | | | $ | 278,707,048 |  |  | | |
| Total | | |  | | | — | |  |  | | |  | | | $ | — |  |  | | | — | |  |  | | |  | | |  | | |  | | |

(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

45

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**Item 6.  Exhibits**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Exhibit Number** | | |  | | | **Description** | | |
| [2.1](http://www.sec.gov/Archives/edgar/data/912242/000110465914081468/a14-24669_1ex2d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465914081468/a14-24669_1ex2d1.htm) | | |
| 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](http://www.sec.gov/Archives/edgar/data/912242/0001047469-99-012492.txt) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/0001047469-99-012492.txt) | | |
| [3.1.3](http://www.sec.gov/Archives/edgar/data/912242/000091205702030706/a2086079zex-3_1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000091205702030706/a2086079zex-3_1.htm) | | |
| [3.1.4](http://www.sec.gov/Archives/edgar/data/912242/000091205702021417/a2080342zex-4_6.htm) | | |  | | | [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)).](http://www.sec.gov/Archives/edgar/data/912242/000091205702021417/a2080342zex-4_6.htm) | | |
| [3.1.5](http://www.sec.gov/Archives/edgar/data/912242/000104746909001981/a2189901zex-3_15.htm) | | |  | | | [Articles of Amendment of the Company (declassification of Board) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).](http://www.sec.gov/Archives/edgar/data/912242/000104746909001981/a2189901zex-3_15.htm) | | |
| [3.1.6](http://www.sec.gov/Archives/edgar/data/912242/000110465909008348/a09-5253_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465909008348/a09-5253_1ex3d1.htm) | | |
| [3.1.7](http://www.sec.gov/Archives/edgar/data/912242/000104746909007391/a2193924zex-3_17.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000104746909007391/a2193924zex-3_17.htm) | | |
| [3.1.8](http://www.sec.gov/Archives/edgar/data/912242/000110465914043330/a14-14485_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465914043330/a14-14485_1ex3d1.htm) | | |
| [3.1.9](http://www.sec.gov/Archives/edgar/data/912242/000110465915020412/a15-6870_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465915020412/a15-6870_1ex3d1.htm) | | |
| [3.1.10](http://www.sec.gov/Archives/edgar/data/912242/000110465915020810/a15-6873_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465915020810/a15-6873_1ex3d1.htm) | | |
| [3.1.11](http://www.sec.gov/Archives/edgar/data/912242/000110465915037228/a15-11185_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465915037228/a15-11185_1ex3d1.htm) | | |
| [3.1.12](http://www.sec.gov/Archives/edgar/data/912242/000110465915042631/a15-13305_1ex3d1.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000110465915042631/a15-13305_1ex3d1.htm) | | |
| [3.1.13](http://www.sec.gov/Archives/edgar/data/912242/000119312519129272/d731295dex31.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000119312519129272/d731295dex31.htm) | | |
| [3.1.14](https://www.sec.gov/Archives/edgar/data/912242/000119312521182973/d417870dex31.htm) | | |  | | | [Articles of Amendment of the Company (increased authorized shares) (incorporated by reference as an exhibit to the Company's current Report on Form 8-K, event date May 28, 2021).](https://www.sec.gov/Archives/edgar/data/912242/000119312521182973/d417870dex31.htm) | | |
| [3.2](http://www.sec.gov/Archives/edgar/data/912242/000119312519129272/d731295dex32.htm) | | |  | | | [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).](http://www.sec.gov/Archives/edgar/data/912242/000119312519129272/d731295dex32.htm) | | |
| [10.1](https://www.sec.gov/Archives/edgar/data/912242/000119312521121303/d28419dex101.htm) | | |  | | | [Credit Agreement, dated as of April 14, 2021, by and among the Company, as a guarantor, the Partnership, as borrower, certain subsidiary guarantors, Deutsche Bank AG New York Branch, as administrative agent and collateral agent, Deutsche Bank Securities Inc., JPMorgan Chase Bank, N.A. and Goldman Sachs Bank USA, as joint lead arrangers and joint bookrunning managers, Deutsche Bank Securities Inc. and JPMorgan Chase Bank, N.A., as co-syndication agents, Goldman Sachs Bank USA, as documentation agent, and various lenders party thereto (incorporated by reference as an exhibit to the Company’s Current Report on Form 8-K, event date April 14, 2021).](https://www.sec.gov/Archives/edgar/data/912242/000119312521121303/d28419dex101.htm) | | |
| [10.1.1](mac-20210630x10qexhibit1011.htm) | | |  | | | [First Amendment to Credit Agreement, dated as of July 27, 2021, by and among the Company, as guarantor, the Partnership, as borrower, certain subsidiary guarantors, and Deutsche Bank AG New York Branch, as administrative agent for the lenders.](mac-20210630x10qexhibit1011.htm) | | |
| [10.2](https://www.sec.gov/Archives/edgar/data/912242/000119312521121303/d28419dex102.htm) | | |  | | | [Unconditional Guaranty, dated as of April 14, 2021, by the Company in favor of Deutsche Bank AG New York Branch, as administrative agent (incorporated by reference as an exhibit to the Company’s Current Report on Form 8-K, event date April 14, 2021).](https://www.sec.gov/Archives/edgar/data/912242/000119312521121303/d28419dex102.htm) | | |

46

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |
| **Exhibit Number** | | |  | | | **Description** | | |
| [10.3\*](https://www.sec.gov/Archives/edgar/data/912242/000119312521182973/d417870dex101.htm) | | |  | | | [The Macerich Company Employee Stock Purchase Plan (effective as of June 1, 2021) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date May 28, 2021).](https://www.sec.gov/Archives/edgar/data/912242/000119312521182973/d417870dex101.htm) | | |
| [10.4\*](https://www.sec.gov/Archives/edgar/data/912242/000119312521191224/d77146dex101.htm) | | |  | | | [Employment Agreement Renewal between the Company and Thomas E. O’Hern (effective as of June 8, 2021) (incorporated by reference as an exhibit to the Company’s Current Report on Form 8-K, event date June 11, 2021).](https://www.sec.gov/Archives/edgar/data/912242/000119312521191224/d77146dex101.htm) | | |
| [10.5\*](mac-20210630x10qexhibit105.htm) | | |  | | | [Form of LTIP Unit Award Agreement under 2003 Equity Incentive Plan (Performance-based).](mac-20210630x10qexhibit105.htm) | | |
| [31.1](mac-20210630x10qexhibit311.htm) | | |  | | | [Section 302 Certification of Thomas O'Hern, Chief Executive Officer](mac-20210630x10qexhibit311.htm) | | |
| [31.2](mac-20210630x10qexhibit312.htm) | | |  | | | [Section 302 Certification of Scott Kingsmore, Chief Financial Officer](mac-20210630x10qexhibit312.htm) | | |
| [32.1\*\*](mac-20210630x10qexhibit321.htm) | | |  | | | [Section 906 Certifications of Thomas O'Hern and Scott Kingsmore](mac-20210630x10qexhibit321.htm) | | |
| 101.SCH | | |  | | | Inline XBRL Taxonomy Extension Schema Document | | |
| 101.CAL | | |  | | | Inline XBRL Taxonomy Extension Calculation Linkbase Document | | |
| 101.LAB | | |  | | | Inline XBRL Taxonomy Extension Label Linkbase Document | | |
| 101.PRE | | |  | | | Inline XBRL Taxonomy Extension Presentation Linkbase Document | | |
| 101.DEF | | |  | | | Inline XBRL Taxonomy Extension Definition Linkbase Document | | |
| 104 | | |  | | | Cover Page Interactive Data File (formatted as Inline XBRL with applicable taxonomy extension information contained in Exhibits 101.\*). | | |
|  | | |  | | |  | | |

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

\*\* Furnished herewith.

47

[Table of Contents](#i22e09c8810d442e985623fe787bbc586_7)

**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 | | |
|  | | |  | | |  | | |  | | | *Senior Executive Vice President, Treasurer and Chief Financial Officer* | | |
| Date: | | | August 6, 2021 | | | | | |  | | | *(Principal Financial Officer)* | | |

48