



Neiman Marcus

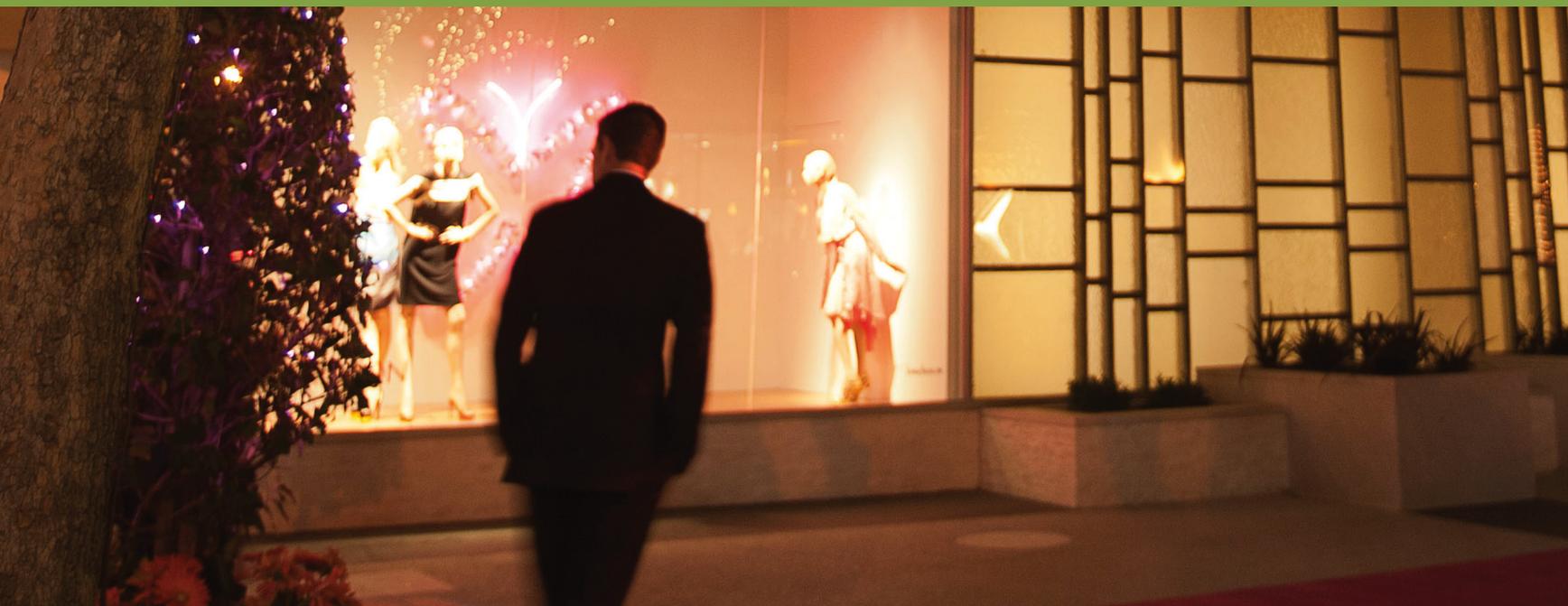
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MACERICH

HAPPENINGS

INSIDE: Neiman Marcus Opens | Retailer Spotlight: Interview with Wayne Hussey | Exciting New Outlets





Forty years ago, Macerich's founder Mace Siegel made *Happenings* a key part of keeping in touch with our partners and friends across the industry, and it pleases me to re-launch Mace's signature publication for today.

—Art Coppola, Chairman & CEO

With robust performance numbers across the board, Macerich is succeeding in today's multi-dimensional environment. I am pleased to have this opportunity to update you on our business.

Broadly, our tenants have seen their retail sales return to 2007 levels, and they are generating the healthiest gross operating margins in many years. At Macerich, the strength of our operations is seen in our sales and occupancy numbers for 2011. Annual sales per square foot in our regional shopping center portfolio ended 2011 with a 13% increase from 2010. We saw sales increase in all of our regions in 2011.

Some other recent highlights include:

- Entry into the outlet business through acquisition of Fashion Outlets of Niagara, one of the leading outlet centers in the U.S. We also acquired a 60% interest in Fashion Outlets of Chicago, a to-be-built center near O'Hare International Airport that is more than 50% pre-leased.
- The beginning of a \$600 million, mixed-use expansion of Tysons Corner, which includes a 500,000 square-foot office building, a 450-unit residential tower and a 300-room hotel, all slated to open in 2014.
- The acquisition of 500 North Michigan Avenue, a 324,000 square-foot office building contiguous to The Shops at North Bridge in Chicago, giving us terrific potential for more retail at this important address.
- This spring's exciting opening of the new Neiman Marcus at Broadway Plaza in Walnut Creek, California.

As well, our balance sheet ratios are some of the strongest in the mall industry today, which gives us added strength and flexibility to continue to build the value of our high-quality, market-dominant retail properties.

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Best regards,

A handwritten signature in black ink, appearing to read 'Art Coppola'. The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Art Coppola

Everything is Rosy:

Neiman Marcus Opens at Broadway Plaza

It was all very pretty in “Neiman Marcus” pink. This spring, Macerich’s Broadway Plaza welcomed the legendary retailer’s only new department store for 2012. All outdoors, with winding brick walkways and flower-filled pots and fountains, Broadway Plaza is the dominant shopping center in Northern California’s affluent East Bay.

Neiman Marcus opened the doors in March to a light-filled store design intended to be transparent from the inside out and the outside in. The store is an exciting new focal point for the charming Broadway Plaza shopping environment.

“The new Neiman Marcus cements the upscale appeal of this unique property – a fortress asset in the heart of the highly desirable East Bay region of the San Francisco Bay Area,” said Randy Brant, Executive Vice President, Real Estate, Macerich. “Neiman Marcus joins a newly expanded Nordstrom and other top names at Broadway Plaza, which offers a one-of-a-kind downtown setting that continues to draw the world’s best retailers.”

The new Neiman Marcus stemmed from the store’s long-term interest in this attractive market. But Macerich’s extraordinary connection with the local

community and its reservoir of goodwill created over many years in Walnut Creek helped make the new store possible.

“Macerich’s commitment to bringing our store to Broadway Plaza demonstrates how important a property owner can be to the process of making development possible in an attractive community like Walnut Creek,” said Wayne Hussey, Senior Vice President, Properties and Store Development, for Neiman Marcus. “Macerich went the extra mile to open the doors for Neiman Marcus here and their team plays a key role in our continuing success at this exceptional property.”

Community buy-in for Neiman Marcus was hard won. After several rounds of city approvals and referendums, the proposal for the new store ultimately overcame competitive opposition to win a citywide initiative election, Measure I, in fall 2009, by a whopping 70 percent of local voters.

Making sure to thank local residents for their strong role in bringing Neiman Marcus to Walnut Creek, Macerich added to the always-anticipated Neiman Marcus gala celebrations. Just outside the store, Parties in the Promenade for the entire community featured a magnificent tent, live music and all manner of bites and beverages, decked in Neiman Marcus pink, of course.

Inside the new store, Neiman Marcus has created a smart, edited collection of merchandise specifically for this upscale suburban enclave. “The addition of this

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New Neiman Marcus store



Neiman Marcus opening celebration



Watch the video

Neiman Marcus grand opening

Broadway Plaza – The Future



Continued from pg. 3

luxury department store adds even more luster to Broadway Plaza and clearly local shoppers are connecting with the new experience,” said Brant.

In fact, the first months after the Neiman Marcus opening have been exceptionally busy and productive ones for the full range of retailers at the property. From Eileen Fischer and Kate Spade to Cole Haan, Michael Stars, Seven for All Mankind, Sunglass Hut and more, Broadway Plaza retailers are feeling the positive impact of this world-class department store at the property.

Broadway Plaza Looks Ahead

Alongside the arrival of Neiman Marcus, Macerich is shaping a new, long-term master plan for its East Bay jewel. Sourcing design and amenity ideas with the community – always a central approach for Macerich – Broadway Plaza is now exploring new plans that could include up to 300,000 square-feet of additional retail space and underground parking beneath new, public gathering spaces.

With fresh ideas and fresh retail, all built on a wellspring of community support, Broadway Plaza is focused on remaining the dominant retail magnet in the East Bay for years to come.

A Look at What's New

Some of the most recent openings across our portfolio

29th STREET

- BJ's Restaurant & Brewhouse
- The Bodacious Beauty
- Starlite Diner & Lounge
- San Francisco Soup Co.
- Winterskate/Summerskate

ARDEN FAIR

- True Religion
- Art of Shaving
- Seasons 52
- Yankee Candle

CHESTERFIELD TOWNE CENTER

- Cotton On
- Genghis Grill

DANBURY FAIR

- LL Bean
- Brooks Brothers
- Carmen Steffans
- Brio Tuscan Grille
- Bebe

DEPTFORD MALL

- Pro Image Sports
- Forever 21
- Francesca's Collection
- Pandora

FREEHOLD RACEWAY

- Brio Tuscan Grille
- Vera Bradley

GREEN TREE MALL

- Justice
- Razz-matazz

GREAT NORTHERN MALL

- Footlocker
- Shoe Dept. Encore
- CNY Sports

LAKESWOOD CENTER

- 5 Guys
- Champs Sports
- Buffalo Wild Wings

LOS CERRITOS

- Lamb & Flag
- White House | Black Market
- Justice

THE OAKS

- Swimspot
- Luxury Perfumes
- Gymboree
- Olive Garden
- Red Lobster
- Pandora

PANORAMA

- Children's Place
- Great Northern
- Footlocker

PASEO NUEVO

- Francesca's Collection

RIMROCK

- The Buckle
- Christopher & Banks
- Rue 21
- Happy Days
- Spencer Gifts

SANTAN VILLAGE

- Francesca's Collection
- Bike Masters

SCOTTDALE FASHION SQUARE

- Stuart Weitzman
- Sur La Table
- Tommy Bahama
- Madewell

SOUTH PLAINS MALL

- Tilly's
- Oakley

STONEWOOD

- 2B Bebe

TYSONS CORNER CENTER

- Cache
- Kiehl's
- Pinkberry
- Cava Mezze Grill
- Microsoft
- PR Freshlook Store
- Elevation Burger

VILLAGE @ CORTE MADERA

- Microsoft

WASHINGTON SQUARE

- Jos. A. Banks
- House of Hoops – Footlocker
- Vitamin Shoppe

Macerich Portfolio

Powerful Markets. Ideal Opportunities.

Visit us at ICSC RECon
Caesars Palace, Augustus Ballroom





Inside Neiman Marcus

An Interview with Wayne Hussey

Guiding the real estate decisions for one of the world's most prestigious retailers, Wayne Hussey, Senior Vice President, Properties and Store Development for Neiman Marcus, has a unique viewpoint on what makes a successful location.

Just ahead of ICSC, Hussey offered insights from his company's most recent new store opening – at Macerich's Broadway Plaza in Walnut Creek, California.

Q: Are you pleased with the new store?

A: Absolutely. Over the first five or six weeks, we have been very pleased with business – the store is performing very well. Broadway Plaza is a center that I personally have desired to have a store presence in for probably 20 years. When I was with Saks Fifth Avenue we tried, but couldn't do it. Since I have been with Neiman Marcus over the past 13 years, we've definitely had our eye on this property. So I am very gratified to bring a full-line, specialty store to Broadway Plaza, and I'm very glad it's Neiman Marcus.

Q: Why were Broadway Plaza and the East Bay market so much a part of your thinking for so long?

A: First of all, Broadway Plaza has been an extremely productive property for many years and it is a proven location. Demographically this is the best location

in the East Bay, which has been a void for us in terms of being able to effectively serve our existing customer base. Also, Nordstrom and Macy's already have very successful department stores here, so we had a tremendously high comfort level in bringing our brand to Broadway Plaza.

Q: Of course the approval process wasn't typical – it involved a local election where voters approved the new store by 70 percent.

A: What impressed me most about the process in Walnut Creek was how much the community embraced Broadway Plaza and how this extended to Neiman Marcus. Everyone in the Macerich organization receives high marks from us – from the people responsible for entitlements and approvals, to the corporate marketing and operations teams, and of course the great people at the property level.

Clearly, the battle to win approvals locally showed the history that Broadway Plaza has in Walnut Creek. This connection with the Walnut Creek community and its citizens was a distinct advantage in helping us to win the opportunity to build at Broadway Plaza. If Macerich had not been as respected in the community, it would have made it much more difficult for us to win acceptance here.

Q: Could you talk more about your real estate strategy for Neiman Marcus?

A: We obviously always gravitate to where our customers reside. With our customer data it's very easy for us to see exactly where our customers reside and where they shop. Our analysis showed a void of luxury in general in the East Bay and specifically, a void of Neiman Marcus. We knew our customers in the East Bay were

shopping us online and in other cities when they travelled, in addition to San Francisco.

We don't have many second stores in a market – we prefer to renovate and expand existing stores, but sometimes it just makes great sense. We already had two great stores in the Bay Area, in Palo Alto and on Union Square, but given what we know about where our customer resides, the new store at Broadway Plaza is a smart addition to the market.

Q: Is the thought-process the same for making outlet decisions?

A: The outlet process is a little easier for us – we mainly focus on markets where we already have a full-line store. So when we choose an outlet location, we know our customer is already there and, importantly, we know there is a local awareness of the Neiman Marcus brand. While there is some cross-over, most of our outlet customers are aspirational shoppers who know and like our brands. This gives them the opportunity to experience Neiman Marcus at reduced prices.

Q: The new store at Broadway Plaza is the only new Neiman Marcus to open in 2012. You're obviously very selective – could you talk more about this?

A: It's true that our new store at Broadway Plaza is the only one for 2012, and the one we opened before that was in Bellevue, Washington, in 2009. After this, the next one will be Roosevelt Field on Long Island in 2015. So we are very particular and careful when it comes to choosing locations for our full-line stores. What this says about Broadway Plaza is that it was a great opportunity. It's just an excellent center in an excellent market.



Meet Robert Perlmutter, Macerich's New EVP of Leasing

Long-known for its smart acquisitions, Macerich has just done it again. This spring, the company introduced Robert Perlmutter as the new Executive Vice President of Leasing.

Perlmutter joins Macerich after his highly successful tenure at Davis Street Land Company, known for developing a boutique-sized portfolio of top-quality retail properties. Previously, he spent 15 years of his early career at Heitman Financial, where he was in charge of the ownership, management and leasing of more than 40 regional malls across the U.S.

For Macerich, Perlmutter will help the company focus on meeting growing retailer interest in locating in the best centers in the best markets. "Macerich is well-positioned to deliver what retailers

want today through its set of dominant properties in key markets," said Perlmutter. "Under the leadership of Art and Ed Coppola, Macerich has built a tremendous portfolio that dovetails with retailers' business goals."

Perlmutter will work closely with Macerich's Randy Brant, who as EVP will continue to guide the company's department store relationships, as well as all development activities, including the development and leasing of Macerich's growing outlet center business.

"To me, one of the great things about Macerich is its demonstrated intent to improve its portfolio – whether through expansion, capital re-investment or improving the merchandise mix," said Perlmutter. "Our business is based upon our relationships with retailers, and I look forward to enhancing the retailer experience in dealing with the company."



New Outlets for Macerich Expertise

Go big or go home. At Macerich, which is known for owning and managing high-quality, dominant properties in exceptional markets, it makes sense that the Company's entry into outlets would start with one of the very best.

In 2011, Macerich successfully acquired Fashion Outlets of Niagara, one of the leading outlet centers in the United States. Building on this property's strong performance, Macerich has acquired adjacent land and started pre-leasing a 200,000 square foot expansion.

"The Niagara property leverages our significant expertise in maximizing shopping destinations that appeal to visitors," said Ed Coppola, president of Macerich. "From Santa Monica Place and Carmel Plaza to Scottsdale Fashion Square and The Shops

at North Bridge in Chicago, we know how to cultivate vibrant tourist markets to benefit retailers."

Macerich's second outlet property opportunity also taps a dynamic visitor hub, with the added benefit of being part of one of the strongest consumer markets in the country – Chicago. Located minutes away from O'Hare International Airport, Fashion Outlets of Chicago is now under construction and set for an August 2013 opening. Currently the 525,000 square foot center is more than 50% pre-leased.

"We are confident that Fashion Outlets of Chicago will be one of the premier outlet properties in the entire country," said Coppola. "We are actively pursuing additional outlet opportunities in our core markets and, dovetailing with the approach of our retail partners, we see outlets as an important element in our company's growth strategy."

At Macerich, outlets are most definitely in.



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