MACERICH CO
Form 10-K
February 21, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2013
Commission File No. 1-12504
THE MACERICH COMPANY
(Exact name of registrant as specified in its charter)

MARYLAND	95-4448705
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401
(Address of principal executive office, including zip code)
Registrant's telephone number, including area code (310) 394-6000
Securities registered pursuant to Section 12(b) of the Act

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

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act YES ý NO o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act YES o NO ý
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 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 90 days. YES ý NO o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment on to this Form 10-K. ý
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES o NO ý
The aggregate market value of voting and non-voting common equity held by non-affiliates of the registrant was approximately $8.5 billion as of the last business day of the registrant's most recently completed second fiscal quarter

based upon the price at which the common shares were last sold on that day.
Number of shares outstanding of the registrant's common stock, as of February 18, 2014: 140,553,257 shares
DOCUMENTS INCORPORATED BY REFERENCE
Portions of the proxy statement for the annual stockholders meeting to be held in 2014 are incorporated by reference into Part III of this Form 10-K.

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ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2013
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PART I

IMPORTANT FACTORS RELATED TO FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K of The Macerich Company (the "Company") contains 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-K and include statements regarding, among other matters:

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

Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or the industry to differ materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made in "Item 1A. Risk Factors" of this Annual Report on Form 10-K, as well as our other reports filed with the Securities and Exchange Commission ("SEC"). 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.

ITEM 1. BUSINESS

General

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., a Delaware limited partnership (the "Operating Partnership"). As of December 31, 2013, the Operating Partnership owned or had an ownership interest in 55 regional shopping centers and nine community/power shopping centers totaling approximately 57 million square feet of gross leasable area ("GLA"). These 64 regional and community/power shopping centers are referred to herein as the "Centers," and consist of consolidated Centers ("Consolidated Centers") and unconsolidated joint venture Centers ("Unconsolidated Joint Venture Centers") as set forth in "Item 2. Properties," unless the context otherwise requires.

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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 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 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."

The Company was organized as a Maryland corporation in September 1993. All references to the Company in this Annual Report on Form 10-K include the Company, those entities owned or controlled by the Company and predecessors of the Company, unless the context indicates otherwise.

Financial information regarding the Company for each of the last three fiscal years is contained in the Company's Consolidated Financial Statements included in "Item 15. Exhibits and Financial Statement Schedules."

Recent Developments

Acquisitions and Dispositions:

On January 24, 2013, the Company acquired Green Acres Mall, a 1,787,000 square foot regional shopping center in Valley Stream, New York, for a purchase price of $500.0 million. The purchase price was funded from the placement of a $325.0 million mortgage note on the property and from borrowings under the Company's line of credit.

On April 25, 2013, the Company acquired a 19 acre parcel of land adjacent to Green Acres Mall for $22.6 million. The purchase price was funded by borrowings under the Company's line of credit.

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185.0 million, resulting in a gain on the sale of assets of $89.2 million to the joint venture. The Company's share of the gain was $44.4 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79.0 million, resulting in a gain on the sale of assets of $59.8 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold in a combined transaction for $230.0 million, resulting in a gain on the sale of assets of $82.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, an 846,000 square foot regional shopping center in Silverdale, Washington, for $127.0 million, resulting in a gain on the sale of assets of $55.2 million to the joint venture. The Company's share of the gain was $28.1 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127.0 million, resulting in a gain on the sale of assets of $38.4 million to the joint venture. The Company's share of the gain was $18.3 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12.0 million, resulting in a loss on the sale of assets of $2.6 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. This transaction is referred to herein as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company has included Camelback

Colonnade in its consolidated financial statements.

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On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60.9 million, resulting in a gain on the sale of assets of $6.2 million to the joint venture. The Company's share of the gain was $3.1 million. The cash proceeds from the sale were used to pay off the $51.7 million mortgage loan on the property and the remaining $9.2 million, net of closing costs, was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5.7 million, resulting in a loss on the sale of assets of $2.0 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5.4 million, resulting in a gain on the sale of assets of $1.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, that it did not own for $46.2 million. The purchase price was funded by a cash payment of $23.7 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22.5 million.

On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10.5 million, resulting in a loss on the sale of assets of $5.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland. The properties were sold in a combined transaction for $292.5 million, resulting in a gain on the sale of assets of $151.5 million. The sales price was funded by a cash payment of $67.8 million, the assumption of the $109.7 million mortgage note payable on Chesterfield Towne Center and the assumption of the $115.0 million mortgage note payable on Centre at Salisbury. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 15, 2014, the Company sold Rotterdam Square, a 585,000 square foot regional shopping center in Schenectady, New York, for $8.5 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes. Rotterdam Square is referred to herein as the "2014 Disposition Center".

Financing Activity:

On January 2, 2013, the Company's joint venture in Kierland Commons replaced the existing loans on the property with a new $135.0 million loan that bears interest at LIBOR plus 1.90% and matures on January 2, 2018, including extension options.

On January 3, 2013, the Company exercised its option to borrow an additional $146.0 million on the loan on Kings Plaza Shopping Center.

On January 24, 2013, in connection with the Company's acquisition of Green Acres Mall (See “Acquisitions and Dispositions” in Recent Developments), the Company placed a new loan on the property that allowed for borrowings of up to $325.0 million, bears interest at an effective rate of 3.61% and matures on February 3, 2021. Concurrent with the acquisition, the Company borrowed $100.0 million on the loan. On January 31, 2013, the Company exercised its option to borrow an additional $225.0 million on the loan.

On March 6, 2013, the Company's joint venture in Scottsdale Fashion Square replaced the existing loan on the property with a new $525.0 million loan that bears interest at an effective rate of 3.02% and matures on April 3, 2023.

On April 30, 2013, the loan on South Towne Center was transferred to Vintage Faire Mall. Concurrently, the Company borrowed an additional $15.2 million on the loan on Vintage Faire Mall that bears interest at an effective rate of 2.91% and matures on November 5, 2015.

On May 30, 2013, the consolidated joint venture in SanTan Village Regional Center replaced the existing loan on the property with a new $138.0 million loan that bears interest at an effective rate of 3.14% and matures on June 1, 2019.

On August 6, 2013, the Company's line of credit was amended and extended. The amended facility provides for an interest rate of LIBOR plus a spread of 1.375% to 2.0%, depending on the Company's overall leverage levels, and matures on August 6, 2018. In addition, the line of credit can be expanded, depending on certain conditions, up to a total facility of $2.0 billion, without giving effect to the Company's $125.0 million unsecured term loan.

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On August 30, 2013, the Company's joint venture in Tysons Corner Center replaced the existing loan on the property with a new $850.0 million loan that bears interest at an effective rate of 4.13% and matures on January 1, 2024.
On September 3, 2013, the Company's joint venture in Boulevard Shops modified and extended the loan on the property to bear interest at LIBOR plus 1.75% and to mature on December 16, 2018, including extension options.
On September 17, 2013, the Company obtained control of the consolidated joint venture in Camelback Colonnade (See “Acquisitions and Dispositions” in Recent Developments). In connection with the Camelback Colonnade Restructuring, the Company assumed the loan on the property with a fair value of $49.5 million that bears interest at an effective rate of 2.16% and matures on October 12, 2015.
On October 24, 2013, the Company purchased the remaining 33.3% interest in Superstition Springs Center that it did not own (See “Acquisitions and Dispositions” in Recent Developments). In connection with the acquisition, the Company assumed the loan on the property with a fair value of $68.4 million that bears interest at an effective rate of 2.00% and matures on October 28, 2016.
On November 8, 2013, the Company placed a new $268.0 million loan on FlatIron Crossing that bears interest at an effective rate of 3.90% and matures on January 5, 2021.
Redevelopment and Development Activity:
In August 2011, the Company entered into a joint venture agreement with a subsidiary of AWE/Talisman for the development of Fashion Outlets of Chicago in the Village of Rosemont, Illinois. The Company owns 60% of the joint venture and AWE/Talisman owns 40%. The Company accounts for Fashion Outlets of Chicago as a consolidated joint venture. The Center is a fully enclosed two level, 528,000 square foot outlet center. The site is located within a mile of O'Hare International Airport. The project broke ground in November 2011 and opened on August 1, 2013. The total estimated project cost is approximately $211.0 million. As of December 31, 2013, the consolidated joint venture had incurred $181.7 million of development costs. On March 2, 2012, the consolidated joint venture obtained a construction loan on the property that allows for borrowings of up to $140.0 million, bears interest at LIBOR plus 2.50% and matures on March 5, 2017. As of December 31, 2013, the consolidated joint venture had borrowed $91.4 million under the loan.
The Company's joint venture in Tysons Corner Center, a 2,130,000 square foot regional shopping center in McLean, Virginia, is currently expanding the property to include a 500,000 square foot office tower, a 430 unit residential tower and a 300 room Hyatt Regency hotel. The joint venture started the expansion project in October 2011 and expects the office tower to be completed in 2014 and the balance of the project to be completed in early 2015. The total cost of the project is estimated at $524.0 million, of which $262.0 million is estimated to be the Company's pro rata share. The Company has funded $125.2 million of the total of $250.5 million incurred by the joint venture as of December 31, 2013.
In November 2013, the Company started construction on the 175,000 square foot expansion of Fashion Outlets of Niagara Falls USA, a 525,000 square foot outlet center in Niagara Falls, New York. The Company expects to complete the project in late 2014. The total estimated project cost is $75.0 million. As of December 31, 2013, the Company had incurred $17.1 million of development costs.
Other Transactions and Events:
On September 30, 2013, the Company conveyed Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1.3 million.
The Shopping Center Industry
General:
There are several types of retail shopping centers, which are differentiated primarily based on size and marketing strategy. Regional shopping centers generally contain in excess of 400,000 square feet of GLA and are typically anchored by two or more department or large retail stores ("Anchors") and are referred to as "Regional Shopping Centers" or "Malls." Regional Shopping Centers also typically contain numerous diversified retail stores ("Mall Stores"), most of which are national or regional retailers typically located along corridors connecting the Anchors. "Strip centers," "urban villages" or "specialty centers" ("Community/Power Shopping Centers") are retail shopping centers that are designed to attract local or neighborhood customers and are typically anchored by one or more

supermarkets, discount department stores and/or drug stores. Community/Power Shopping Centers typically contain 100,000 to 400,000 square feet of GLA. Outlet Centers generally contain a wide variety of designer and manufacturer stores, often located in an open-air center, and typically range in size from 200,000 to 850,000 square feet of GLA ("Outlet Centers"). In addition, freestanding retail stores are located along the perimeter of the

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shopping centers ("Freestanding Stores"). Mall Stores and Freestanding Stores over 10,000 square feet are also referred to as "Big Box." Anchors, Mall Stores, Freestanding Stores and other tenants typically contribute funds for the maintenance of the common areas, property taxes, insurance, advertising and other expenditures related to the operation of the shopping center.

Regional Shopping Centers:

A Regional Shopping Center draws from its trade area by offering a variety of fashion merchandise, hard goods and services and entertainment, often in an enclosed, climate controlled environment with convenient parking. Regional Shopping Centers provide an array of retail shops and entertainment facilities and often serve as the town center and a gathering place for community, charity, and promotional events.

Regional Shopping Centers have generally provided owners with relatively stable income despite the cyclical nature of the retail business. This stability is due both to the diversity of tenants and to the typical dominance of Regional Shopping Centers in their trade areas.

Regional Shopping Centers have different strategies with regard to price, merchandise offered and tenant mix, and are generally tailored to meet the needs of their trade areas. Anchors are located along common areas in a configuration designed to maximize consumer traffic for the benefit of the Mall Stores. Mall GLA, which generally refers to GLA contiguous to the Anchors for tenants other than Anchors, is leased to a wide variety of smaller retailers. Mall Stores typically account for the majority of the revenues of a Regional Shopping Center.

Business of the Company

Strategy:

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.

Acquisitions. The Company principally focuses on well-located, quality Regional Shopping Centers that can be dominant in their trade area and have strong revenue enhancement potential. In addition, the Company pursues other opportunistic acquisitions of property that include retail and will complement the Company's portfolio such as Outlet Centers. The Company subsequently seeks to improve operating performance and returns from these properties through leasing, management and redevelopment. Since its initial public offering, the Company has acquired interests in shopping centers nationwide. The Company believes that it is geographically well positioned to cultivate and maintain ongoing relationships with potential sellers and financial institutions and to act quickly when acquisition opportunities arise (See "Acquisitions and Dispositions" in Recent Developments).

Leasing and Management. The Company believes that the shopping center business requires specialized skills across a broad array of disciplines for effective and profitable operations. For this reason, the Company has developed a fully integrated real estate organization with in-house acquisition, accounting, development, finance, information technology, leasing, legal, marketing, property management and redevelopment expertise. In addition, the Company emphasizes a philosophy of decentralized property management, leasing and marketing performed by on-site professionals. The Company believes that this strategy results in the optimal operation, tenant mix and drawing power of each Center, as well as the ability to quickly respond to changing competitive conditions of the Center's trade area.

The Company believes that on-site property managers can most effectively operate the Centers. Each Center's property manager is responsible for overseeing the operations, marketing, maintenance and security functions at the Center. Property managers focus special attention on controlling operating costs, a key element in the profitability of the Centers, and seek to develop strong relationships with and be responsive to the needs of retailers.

Similarly, the Company generally utilizes on-site and regionally located leasing managers to better understand the market and the community in which a Center is located. The Company continually assesses and fine tunes each Center's tenant mix, identifies and replaces underperforming tenants and seeks to optimize existing tenant sizes and configurations.

On a selective basis, the Company provides property management and leasing services for third parties. The Company currently manages three regional shopping centers and three community centers for third party owners on a fee basis.

Redevelopment. One of the major components of the Company's growth strategy is its ability to redevelop acquired properties. For this reason, the Company has built a staff of redevelopment professionals who have primary responsibility for identifying redevelopment opportunities that they believe will result in enhanced long-term financial returns and market position for the Centers. The redevelopment professionals oversee the design and construction of the projects in addition to obtaining required governmental approvals (See "Redevelopment and Development Activity" in Recent Developments).

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Development. The Company pursues ground-up development projects on a selective basis. The Company has supplemented its strong acquisition, operations and redevelopment skills with its ground-up development expertise to further increase growth opportunities (See "Redevelopment and Development Activity" in Recent Developments).

The Centers:

As of December 31, 2013, the Centers, excluding the 2014 Disposition Center, consisted of 54 Regional Shopping Centers and nine Community/Power Shopping Centers totaling approximately 56 million square feet of GLA. The 54 Regional Shopping Centers in the Company's portfolio average approximately 945,000 square feet of GLA and range in size from 2.1 million square feet of GLA at Tysons Corner Center to 243,000 square feet of GLA at Tucson La Encantada. The Company's nine Community/Power Shopping Centers have an average of approximately 429,000 square feet of GLA. As of December 31, 2013, excluding the 2014 Disposition Center, the Centers included 210 Anchors totaling approximately 29.2 million square feet of GLA and approximately 6,200 Mall Stores and Freestanding Stores totaling approximately 27.3 million square feet of GLA.

Competition:

There are numerous owners and developers of real estate that compete with the Company in its trade areas. There are eight other publicly traded mall companies, a number of publicly traded shopping center companies and several large private mall companies in the United States, any of which under certain circumstances could compete against the Company for an acquisition of an Anchor or a tenant. In addition, other REITs, private real estate companies or investors, and financial buyers compete with the Company in terms of acquisitions. This results in competition for both the acquisition of properties or centers and for tenants or Anchors to occupy space. Competition for property acquisitions may result in increased purchase prices and may adversely affect the Company's ability to make suitable property acquisitions on favorable terms. The existence of competing shopping centers could have a material adverse impact on the Company's ability to lease space and on the level of rents that can be achieved. There is also increasing competition from other retail formats and technologies, such as lifestyle centers, power centers, outlet centers, Internet shopping, home shopping networks, catalogs, telemarketing and discount shopping clubs that could adversely affect the Company's revenues.

In making leasing decisions, the Company believes that retailers consider the following material factors relating to a center: quality, design and location, including consumer demographics; rental rates; type and quality of Anchors and retailers at the center; and management and operational experience and strategy of the center. The Company believes it is able to compete effectively for retail tenants in its local markets based on these criteria in light of the overall size, quality and diversity of its Centers.

Major Tenants:

The Centers derived approximately 74% of their total rents for the year ended December 31, 2013 from Mall Stores and Freestanding Stores under 10,000 square feet. Big Box and Anchor tenants accounted for 26% of total rents for the year ended December 31, 2013.

The following retailers (including their subsidiaries) represent the 10 largest rent payers in the Centers, excluding the 2014 Disposition Center, based upon total rents in place as of December 31, 2013:

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Tenant	Primary DBAs	Number of Locations in the Portfolio	% of Total Rents(1)	
L Brands, Inc.	Victoria's Secret, Bath and Body Works, PINK	100	2.6	%
Forever 21, Inc.	Forever 21, XXI Forever, For Love 21	39	2.4	%
Gap, Inc., The	Athleta, Banana Republic, The Gap, Gap Kids, Old Navy and others	64	2.3	%
Foot Locker, Inc.	Champs Sports, Foot Locker, Kids Foot Locker, Lady Foot Locker, Nike Yardline, Foot Action USA, House of Hoops	100	1.8	%
Dick's Sporting Goods, Inc.	Dick's Sporting Goods	12	1.3	%
Sears Holdings Corporation	Sears	31	1.3	%
Abercrombie & Fitch Co.	Abercrombie & Fitch, Hollister and others	48	1.2	%
Luxottica Group S.P.A.	Ilori, LensCrafters, Oakley, Optical Shop of Aspen, Sunglass Hut and others	105	1.2	%
Best Buy Co., Inc.	Best Buy, Best Buy Mobile	26	1.1	%
Nordstrom, Inc.	Nordstrom, Last Chance, Nordstrom Rack, Nordstrom Spa, Nordstrom Espresso Bar	16	1.1	%

(1) Total rents include minimum rents and percentage rents.

Mall Stores and Freestanding Stores:

Mall Store and Freestanding Store leases generally provide for tenants to pay rent comprised of a base (or "minimum") rent and a percentage rent based on sales. In some cases, tenants pay only minimum rent, and in other cases, tenants pay only percentage rent. The Company has generally entered into leases for Mall Stores and Freestanding Stores that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses the Company actually incurs at any Center. Additionally, certain leases for Mall Stores and Freestanding Stores contain provisions that require tenants to pay their pro rata share of maintenance of the common areas, property taxes, insurance, advertising and other expenditures related to the operations of the Center. Tenant space of 10,000 square feet and under in the Company's portfolio at December 31, 2013 comprises approximately 65% of all Mall Store and Freestanding Store space. The Company uses tenant spaces of 10,000 square feet and under for comparing rental rate activity because this space is more consistent in terms of shape and configuration and, as such, the Company is able to provide a meaningful comparison of rental rate activity for this space. Mall Store and Freestanding Store space greater than 10,000 square feet is inconsistent in size and configuration throughout the Company's portfolio and as a result does not lend itself to a meaningful comparison of rental rate activity with the Company's other space. Most of the non-Anchor space over 10,000 square feet is not physically connected to the mall, does not share the same common area amenities and does not benefit from the foot traffic in the mall. As a result, space greater than 10,000 square feet has a unique rent structure that is inconsistent with mall space under 10,000 square feet.

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The following tables set forth the average base rent per square foot for the Centers, as of December 31 for each of the past five years:

Mall Stores and Freestanding Stores under 10,000 square feet:

For the Years Ended December 31,	Avg. Base Rent Per Sq. Ft.(1)(2)	Avg. Base Rent Per Sq. Ft. on Leases Executed During the Year(2)(3)	Avg. Base Rent Per Sq. Ft. on Leases Expiring During the Year(2)(4)
Consolidated Centers:			
2013	$44.51	$45.06	$40.00
2012	$40.98	$44.01	$38.00
2011	$38.80	$38.35	$35.84
2010	$37.93	$34.99	$37.02
2009	$37.77	$38.15	$34.10
Unconsolidated Joint Venture Centers (at the Company's pro rata share):			
2013	$62.47	$63.44	$48.43
2012	$55.64	$55.72	$48.74
2011	$53.72	$50.00	$38.98
2010	$46.16	$48.90	$38.39
2009	$45.56	$43.52	$37.56

Big Box and Anchors:

For the Years Ended December 31,	Avg. Base Rent Per Sq. Ft.(1)(2)	Avg. Base Rent Per Sq. Ft. on Leases Executed During the Year(2)(3)	Number of Leases Executed During the Year	Avg. Base Rent Per Sq. Ft. on Leases Expiring During the Year(2)(4)	Number of Leases Expiring During the Year
Consolidated Centers:					
2013	$10.94	$14.61	29	$14.08	21
2012	$9.34	$15.54	21	$8.85	22
2011	$8.42	$10.87	21	$6.71	14
2010	$8.64	$13.79	31	$10.64	10
2009	$9.66	$10.13	19	$20.84	5
Unconsolidated Joint Venture Centers (at the Company's pro rata share):					
2013	$13.36	$37.45	22	$24.58	10
2012	$12.52	$23.25	21	$8.88	10
2011	$12.50	$21.43	15	$14.19	7
2010	$11.90	$24.94	20	$15.63	26
2009	$11.60	$31.73	16	$19.98	16

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(1) Average base rent per square foot is based on spaces occupied as of December 31 for each of the Centers and gives effect to the terms of each lease in effect, as of such date, including any concessions, abatements and other adjustments or allowances that have been granted to the tenants. The 2014 Disposition Center is excluded as of December 31, 2013.

(2) Centers under development and redevelopment are excluded from average base rents. The leases for Paradise Valley Mall were excluded for the year ended December 31, 2013. The leases for The Shops at Atlas Park and

Southridge Center were excluded for the years ended December 31, 2012 and 2011. The leases for Santa Monica Place were excluded for the years ended December 31, 2010 and 2009. The leases for The Market at Estrella Falls were excluded for the year ended December 31, 2009. The leases for Valley View Center were excluded for the years ended December 31, 2011 and 2010.

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(3) The average base rent per square foot on leases executed during the year represents the actual rent paid on a per square foot basis during the first twelve months of the lease.

(4) The average base rent per square foot on leases expiring during the year represents the actual rent to be paid on a per square foot basis during the final twelve months of the lease.

Cost of Occupancy:

A major factor contributing to tenant profitability is cost of occupancy, which consists of tenant occupancy costs charged by the Company. Tenant expenses included in this calculation are minimum rents, percentage rents and recoverable expenditures, which consist primarily of property operating expenses, real estate taxes and repair and maintenance expenditures. These tenant charges are collectively referred to as tenant occupancy costs. These tenant occupancy costs are compared to tenant sales. A low cost of occupancy percentage shows more capacity for the Company to increase rents at the time of lease renewal than a high cost of occupancy percentage. The following table summarizes occupancy costs for Mall Store and Freestanding Store tenants in the Centers as a percentage of total Mall Store sales for the last five years:

	For the Years Ended December 31,				
	2013(1)	2012	2011	2010	2009
Consolidated Centers:					
Minimum rents	8.4 %	8.1 %	8.2 %	8.6 %	9.1 %
Percentage rents	0.4 %	0.4 %	0.5 %	0.4 %	0.4 %
Expense recoveries(2)	4.5 %	4.2 %	4.1 %	4.4 %	4.7 %
	13.3 %	12.7 %	12.8 %	13.4 %	14.2 %
Unconsolidated Joint Venture Centers:					
Minimum rents	8.8 %	8.9 %	9.1 %	9.1 %	9.4 %
Percentage rents	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Expense recoveries(2)	4.0 %	3.9 %	3.9 %	4.0 %	4.3 %
	13.2 %	13.2 %	13.4 %	13.5 %	14.1 %

(1) The 2014 Disposition Center is excluded for the year ended December 31, 2013.

(2) Represents real estate tax and common area maintenance charges.

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Lease Expirations:

The following tables show scheduled lease expirations for Centers owned as of December 31, 2013, excluding the 2014 Disposition Center, for the next ten years, assuming that none of the tenants exercise renewal options:

Mall Stores and Freestanding Stores under 10,000 square feet:

Year Ending December 31,	Number of Leases Expiring	Approximate GLA of Leases Expiring(1)	% of Total Leased GLA Represented by Expiring Leases(1)		Ending Base Rent per Square Foot of Expiring Leases(1)	% of Base Rent Represented by Expiring Leases(1)	
Consolidated Centers:							
2014	456	892,318	12.56	%	$43.34	11.86	%
2015	384	852,883	12.00	%	$41.37	10.82	%
2016	378	838,069	11.79	%	$42.23	10.86	%
2017	378	905,778	12.74	%	$46.47	12.91	%
2018	354	813,975	11.45	%	$46.67	11.65	%
2019	270	661,291	9.30	%	$49.64	10.07	%
2020	187	422,984	5.95	%	$54.27	7.04	%
2021	205	505,431	7.11	%	$47.04	7.29	%
2022	169	402,224	5.66	%	$47.35	5.84	%
2023	186	394,415	5.55	%	$49.34	5.97	%
Unconsolidated Joint Venture Centers (at the Company's pro rata share):							
2014	213	207,826	11.33	%	$65.42	11.63	%
2015	196	219,571	11.97	%	$67.28	12.64	%
2016	181	202,350	11.03	%	$62.68	10.85	%
2017	139	182,321	9.94	%	$59.91	9.35	%
2018	155	181,013	9.87	%	$64.95	10.06	%
2019	113	122,533	6.68	%	$72.94	7.65	%
2020	113	145,147	7.91	%	$67.72	8.41	%
2021	124	169,923	9.27	%	$58.53	8.51	%
2022	95	113,481	6.19	%	$62.79	6.10	%
2023	94	155,813	8.50	%	$55.11	7.35	%

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Big Boxes and Anchors:

Year Ending December 31,	Number of Leases Expiring	Approximate GLA of Leases Expiring(1)	% of Total Leased GLA Represented by Expiring Leases(1)	Ending Base Rent per Square Foot of Expiring Leases(1)	% of Base Rent Represented by Expiring Leases(1)
Consolidated Centers:					
2014	16	391,545	2.89 %	$15.99	4.01 %
2015	24	697,592	5.15 %	$8.85	3.96 %
2016	33	1,974,548	14.59 %	$5.77	7.30 %
2017	38	1,581,327	11.68 %	$7.96	8.07 %
2018	27	682,017	5.04 %	$10.94	4.78 %
2019	30	1,028,006	7.59 %	$11.34	7.47 %
2020	24	705,029	5.21 %	$12.23	5.53 %
2021	27	1,026,974	7.59 %	$13.91	9.16 %
2022	23	883,959	6.53 %	$16.03	9.08 %
2023	23	958,164	7.08 %	$13.61	8.36 %
Unconsolidated Joint Venture Centers (at the Company's pro rata share):					
2014	8	99,868	2.79 %	$17.82	3.39 %
2015	19	406,686	11.38 %	$11.38	8.81 %
2016	13	288,867	8.08 %	$10.71	5.89 %
2017	10	181,289	5.07 %	$15.25	5.26 %
2018	15	303,412	8.49 %	$7.26	4.19 %
2019	12	215,173	6.02 %	$21.14	8.66 %
2020	17	720,013	20.15 %	$12.31	16.87 %
2021	9	129,716	3.63 %	$21.36	5.27 %
2022	8	123,024	3.44 %	$24.53	5.74 %
2023	11	120,608	3.37 %	$41.70	9.57 %

(1) The ending base rent per square foot on leases expiring during the period represents the final year minimum rent, on a cash basis, for tenant leases expiring during the year. Currently, 68% of leases have provisions for future consumer price index increases that are not reflected in ending base rent. The leases for Paradise Valley Mall were excluded as this property is under redevelopment.

Anchors:

Anchors have traditionally been a major factor in the public's identification with Regional Shopping Centers. Anchors are generally department stores whose merchandise appeals to a broad range of shoppers. Although the Centers receive a smaller percentage of their operating income from Anchors than from Mall Stores and Freestanding Stores, strong Anchors play an important part in maintaining customer traffic and making the Centers desirable locations for Mall Store and Freestanding Store tenants.

Anchors either own their stores, the land under them and in some cases adjacent parking areas, or enter into long-term leases with an owner at rates that are lower than the rents charged to tenants of Mall Stores and Freestanding Stores. Each Anchor that owns its own store and certain Anchors that lease their stores enter into reciprocal easement agreements with the owner of the Center covering, among other things, operational matters, initial construction and future expansion.

Anchors accounted for approximately 6.8% of the Company's total rents for the year ended December 31, 2013.

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The following table identifies each Anchor, each parent company that owns multiple Anchors and the number of square feet owned or leased by each such Anchor or parent company in the Company's portfolio, excluding the 2014 Disposition Center, at December 31, 2013.

Name	Number of Anchor Stores	GLA Owned by Anchor	GLA Leased by Anchor	Total GLA Occupied by Anchor
Macy's Inc.				
Macy's	45	5,041,000	2,683,000	7,724,000
Bloomingdale's	2	—	355,000	355,000
	47	5,041,000	3,038,000	8,079,000
Sears	31	2,754,000	1,598,000	4,352,000
JCPenney	30	1,744,000	2,360,000	4,104,000
Dillard's	16	2,488,000	257,000	2,745,000
Nordstrom	13	720,000	1,477,000	2,197,000
Target	9	728,000	453,000	1,181,000
Forever 21	8	155,000	658,000	813,000
The Bon-Ton Stores, Inc.				
Younkers	3	—	317,000	317,000
Bon-Ton, The	1	—	71,000	71,000
Herberger's	1	188,000	—	188,000
	5	188,000	388,000	576,000
Kohl's	5	89,000	356,000	445,000
Hudson Bay Company				
Lord & Taylor	3	121,000	199,000	320,000
Saks Fifth Avenue	1	—	92,000	92,000
	4	121,000	291,000	412,000
Home Depot	3	—	395,000	395,000
Wal-Mart	2	165,000	173,000	338,000
Costco	2	—	321,000	321,000
Dick's Sporting Goods	3	—	257,000	257,000
Belk	3	—	201,000	201,000
Neiman Marcus	2	—	188,000	188,000
Von Maur	2	187,000	—	187,000
Burlington Coat Factory	2	187,000	—	187,000
La Curacao	1	—	165,000	165,000
Boscov's	1	—	161,000	161,000
BJ's Wholesale Club	1	—	123,000	123,000
Lowe's	1	—	114,000	114,000
Mercado de los Cielos	1	—	78,000	78,000
L.L. Bean	1	—	76,000	76,000
Best Buy	1	66,000	—	66,000
Des Moines Area Community College	1	64,000	—	64,000
Barneys New York	1	—	60,000	60,000
Sports Authority	1	—	52,000	52,000
Bealls	1	—	40,000	40,000
Vacant Anchors(1)	6	—	706,000	706,000
	204	14,697,000	13,986,000	28,683,000
Anchors at Centers not owned by the Company(2):				
Forever 21	4	—	316,000	316,000

Burlington Coat Factory	1	—	85,000	85,000
Kohl's	1	—	83,000	83,000
Total	210	14,697,000	14,470,000	29,167,000

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(1) The Company is currently seeking replacement tenants and/or contemplating redevelopment opportunities for these vacant sites. The Company continues to collect rent under terms of an agreement on one of these vacant locations.

(2) The Company owns a portfolio of 14 stores located at shopping centers not owned by the Company. Of these 14 stores, four have been leased to Forever 21, one has been leased to Burlington Coat Factory, one has been leased to Kohl's and eight have been leased for non-Anchor usage.

Environmental Matters

Each of the Centers has been subjected to an Environmental Site Assessment—Phase I (which involves review of publicly available information and general property inspections, but does not involve soil sampling or ground water analysis) completed by an environmental consultant.

Based on these assessments, and on other information, the Company is aware of the following environmental issues, which may result in potential environmental liability and cause the Company to incur costs in responding to these liabilities or in other costs associated with future investigation or remediation:

- Asbestos. The Company has conducted asbestos-containing materials ("ACM") surveys at various locations within the Centers. The surveys indicate that ACMs are present or suspected in certain areas, primarily vinyl floor tiles, mastics, roofing materials, drywall tape and joint compounds. The identified ACMs are generally non-friable, in good condition, and possess low probabilities for disturbance. At certain Centers where ACMs are present or suspected, however, some ACMs have been or may be classified as "friable," and ultimately may require removal under certain conditions. The Company has developed and implemented an operations and maintenance ("O&M") plan to manage ACMs in place.
- Underground Storage Tanks. Underground storage tanks ("USTs") are or were present at certain Centers, often in connection with tenant operations at gasoline stations or automotive tire, battery and accessory service centers located at such Centers. USTs also may be or have been present at properties neighboring certain Centers. Some of these tanks have either leaked or are suspected to have leaked. Where leakage has occurred, investigation, remediation, and monitoring costs may be incurred by the Company if responsible current or former tenants, or other responsible parties, are unavailable to pay such costs.
- Chlorinated Hydrocarbons. The presence of chlorinated hydrocarbons such as perchloroethylene ("PCE") and its degradation byproducts have been detected at certain Centers, often in connection with tenant dry cleaning operations. Where PCE has been detected, the Company may incur investigation, remediation and monitoring costs if responsible current or former tenants, or other responsible parties, are unavailable to pay such costs.

See "Item 1A. Risk Factors—Possible environmental liabilities could adversely affect us."

Insurance

Each of the Centers has comprehensive liability, fire, extended coverage and rental loss insurance with insured limits customarily carried for similar properties. The Company does not insure certain types of losses (such as losses from wars) because they are either uninsurable or not economically insurable. In addition, while the Company or the relevant joint venture, as applicable, carries specific earthquake insurance on the Centers located in California, the policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $150 million on these Centers. The Company or the relevant joint venture, as applicable, carries specific earthquake insurance on the Centers located in the Pacific Northwest and in the New Madrid seismic zone. However, the policies are subject to a deductible equal to 2% of the total insured value of each Center, a $50,000 per occurrence minimum and a combined annual aggregate loss limit of $200 million on these Centers. While the Company or the relevant joint venture also carries terrorism insurance on the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss limit of $800 million. Each Center has environmental insurance covering eligible third-party losses, remediation and non-owned disposal sites, subject to a $100,000 deductible and a $50 million three-year aggregate loss limit. Some environmental losses are not covered by this insurance because they are uninsurable or not economically insurable. Furthermore, the Company carries title insurance on substantially all of the Centers for generally less than their full value. The Terrorism Risk Insurance Act (or TRIA), which creates a federally-funded backstop for terrorism-related insurance claims, is set to expire on December 31, 2014. Although it is expected that TRIA will be extended by Congress, if TRIA expires, then the number of insurers offering terrorism insurance will likely decrease and/or the cost to purchase terrorism insurance will increase.

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Qualification as a Real Estate Investment Trust

The Company elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its first taxable year ended December 31, 1994, and intends to conduct its operations so as to continue to qualify as a REIT under the Code. As a REIT, the Company generally will not be subject to federal and state income taxes on its net taxable income that it currently distributes to stockholders. Qualification and taxation as a REIT depends on the Company's ability to meet certain dividend distribution tests, share ownership requirements and various qualification tests prescribed in the Code.

Employees

As of December 31, 2013, the Company had approximately 1,143 employees, of which approximately 980 were full-time. The Company believes that relations with its employees are good.

Seasonality

For a discussion of the extent to which the Company's business may be seasonal, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Management's Overview and Summary—Seasonality."

Available Information; Website Disclosure; Corporate Governance Documents

The Company's corporate website address is www.macerich.com. The Company makes available free-of-charge through this website its reports on Forms 10-K, 10-Q and 8-K and all amendments thereto, as soon as reasonably practicable after the reports have been filed with, or furnished to, the SEC. These reports are available under the heading "Investing—Financial Information—SEC Filings", through a free hyperlink to a third-party service. Information provided on our website is not incorporated by reference into this Form 10-K.

The following documents relating to Corporate Governance are available on the Company's website at www.macerich.com under "Investing—Corporate Governance":

Guidelines on Corporate Governance
Code of Business Conduct and Ethics
Code of Ethics for CEO and Senior Financial Officers
Audit Committee Charter
Compensation Committee Charter
Executive Committee Charter
Nominating and Corporate Governance Committee Charter

You may also request copies of any of these documents by writing to:

Attention: Corporate Secretary
The Macerich Company
401 Wilshire Blvd., Suite 700
Santa Monica, CA 90401

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ITEM 1A. RISK FACTORS

The following factors could cause our actual results to differ materially from those contained in forward-looking statements made in this Annual Report on Form 10-K and presented elsewhere by our management from time to time. This list should not be considered to be a complete statement of all potential risks or uncertainties as it does not describe additional risks of which we are not presently aware or that we do not currently consider material. We may update our risk factors from time to time in our future periodic reports. Any of these factors may have a material adverse effect on our business, financial condition, operating results and cash flows. For purposes of this "Risk Factor" section, Centers wholly owned by us are referred to as "Wholly Owned Centers" and Centers that are partly but not wholly owned by us are referred to as "Joint Venture Centers."

RISKS RELATED TO OUR BUSINESS AND PROPERTIES

We invest primarily in shopping centers, which are subject to a number of significant risks that are beyond our control.

Real property investments are subject to varying degrees of risk that may affect the ability of our Centers to generate sufficient revenues to meet operating and other expenses, including debt service, lease payments, capital expenditures and tenant improvements, and to make distributions to us and our stockholders. A number of factors may decrease the income generated by the Centers, including:

- the national economic climate;
- the regional and local economy (which may be negatively impacted by rising unemployment, declining real estate values, increased foreclosures, higher taxes, plant closings, industry slowdowns, union activity, adverse weather conditions, natural disasters and other factors);
- local real estate conditions (such as an oversupply of, or a reduction in demand for, retail space or retail goods, decreases in rental rates, declining real estate values and the availability and creditworthiness of current and prospective tenants);
- decreased levels of consumer spending, consumer confidence, and seasonal spending (especially during the holiday season when many retailers generate a disproportionate amount of their annual sales);
- negative perceptions by retailers or shoppers of the safety, convenience and attractiveness of a Center;
- acts of violence, including terrorist activities; and
- increased costs of maintenance, insurance and operations (including real estate taxes).

Income from shopping center properties and shopping center values are also affected by applicable laws and regulations, including tax, environmental, safety and zoning laws.

A significant percentage of our Centers are geographically concentrated and, as a result, are sensitive to local economic and real estate conditions.

A significant percentage of our Centers are located in California and Arizona, and ten Centers in the aggregate are located in New York, New Jersey and Connecticut. To the extent that weak economic or real estate conditions or other factors affect California, Arizona, New York, New Jersey or Connecticut (or their respective regions) more severely than other areas of the country, our financial performance could be negatively impacted.

We are in a competitive business.

There are numerous owners and developers of real estate that compete with us in our trade areas. There are eight other publicly traded mall companies, a number of publicly traded shopping center companies and several large private mall companies in the United States, any of which under certain circumstances could compete against us for an acquisition of an Anchor or a tenant. In addition, other REITs, private real estate companies or investors, and financial buyers compete with us in terms of acquisitions. This results in competition both for the acquisition of properties or centers and for tenants or Anchors to occupy space. Competition for property acquisitions may result in increased purchase prices and may adversely affect our ability to make suitable property acquisitions on favorable terms. The existence of competing shopping centers could have a material adverse impact on our ability to lease space and on the level of rents that can be achieved. There is also increasing competition from other retail formats and technologies, such as lifestyle centers, power centers, outlet centers, Internet

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shopping, home shopping networks, catalogs, telemarketing and discount shopping clubs that could adversely affect our revenues.

We may be unable to renew leases, lease vacant space or re-let space as leases expire on favorable terms or at all, which could adversely affect our financial condition and results of operations.

There are no assurances that our leases will be renewed or that vacant space in our Centers will be re-let at net effective rental rates equal to or above the current average net effective rental rates or that substantial rent abatements, tenant improvements, early termination rights or below market renewal options will not be offered to attract new tenants or retain existing tenants. If the rental rates at our Centers decrease, if our existing tenants do not renew their leases or if we do not re-let a significant portion of our available space and space for which leases will expire, our financial condition and results of operations could be adversely affected.

If Anchors or other significant tenants experience a downturn in their business, close or sell stores or declare bankruptcy, our financial condition and results of operations could be adversely affected.

Our financial condition and results of operations could be adversely affected if a downturn in the business of, or the bankruptcy or insolvency of, an Anchor or other significant tenant leads them to close retail stores or terminate their leases after seeking protection under the bankruptcy laws from their creditors, including us as lessor. In recent years a number of companies in the retail industry, including some of our tenants, have declared bankruptcy or have gone out of business. We may be unable to re-let stores vacated as a result of voluntary closures or the bankruptcy of a tenant. Furthermore, if the store sales of retailers operating at our Centers decline significantly due to adverse economic conditions or for any other reason, tenants might be unable to pay their minimum rents or expense recovery charges. In the event of a default by a lessee, the affected Center may experience delays and costs in enforcing its rights as lessor.

In addition, Anchors and/or tenants at one or more Centers might terminate their leases as a result of mergers, acquisitions, consolidations or dispositions in the retail industry. The sale of an Anchor or store to a less desirable retailer may reduce occupancy levels, customer traffic and rental income. Depending on economic conditions, there is also a risk that Anchors or other significant tenants may sell stores operating in our Centers or consolidate duplicate or geographically overlapping store locations. Store closures by an Anchor and/or a significant number of tenants may allow other Anchors and/or certain other tenants to terminate their leases, receive reduced rent and/or cease operating their stores at the Center or otherwise adversely affect occupancy at the Center.

Our real estate acquisition, development and redevelopment strategies may not be successful.

Our historical growth in revenues, net income and funds from operations has been in part tied to the acquisition, development and redevelopment of shopping centers. Many factors, including the availability and cost of capital, our total amount of debt outstanding, our ability to obtain financing on attractive terms, if at all, interest rates and the availability of attractive acquisition targets, among others, will affect our ability to acquire, develop and redevelop additional properties in the future. We may not be successful in pursuing acquisition opportunities, and newly acquired properties may not perform as well as expected. Expenses arising from our efforts to complete acquisitions, develop and redevelop properties or increase our market penetration may have a material adverse effect on our business, financial condition and results of operations. We face competition for acquisitions primarily from other REITs, as well as from private real estate companies and financial buyers. Some of our competitors have greater financial and other resources. Increased competition for shopping center acquisitions may result in increased purchase prices and may impact adversely our ability to acquire additional properties on favorable terms. We cannot guarantee that we will be able to implement our growth strategy successfully or manage our expanded operations effectively and profitably.

We may not be able to achieve the anticipated financial and operating results from newly acquired assets. Some of the factors that could affect anticipated results are:

- our ability to integrate and manage new properties, including increasing occupancy rates and rents at such properties;
- the disposal of non-core assets within an expected time frame; and
- our ability to raise long-term financing to implement a capital structure at a cost of capital consistent with our business strategy.

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Our business strategy also includes the selective development and construction of retail properties. Any development, redevelopment and construction activities that we may undertake will be subject to the risks of real estate development, including lack of financing, construction delays, environmental requirements, budget overruns, sunk costs and lease-up. Furthermore, occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable. Real estate development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, and occupancy and other required governmental permits and authorizations. If any of the above events occur, our ability to pay dividends to our stockholders and service our indebtedness could be adversely affected.

We may be unable to sell properties at the time we desire and on favorable terms.

Investments in real estate are relatively illiquid, which limits our ability to adjust our portfolio in response to changes in economic or other conditions. Moreover, there are some limitations under federal income tax laws applicable to REITs that limit our ability to sell assets. In addition, because our properties are generally mortgaged to secure our debts, we may not be able to obtain a release of a lien on a mortgaged property without the payment of the associated debt and/or a substantial prepayment penalty, which restricts our ability to dispose of a property, even though the sale might otherwise be desirable. Furthermore, the number of prospective buyers interested in purchasing shopping centers is limited. Therefore, if we want to sell one or more of our Centers, we may not be able to dispose of it in the desired time period and may receive less consideration than we originally invested in the Center.

Possible environmental liabilities could adversely affect us.

Under various federal, state and local environmental laws, ordinances and regulations, a current or previous owner or operator of real property may be liable for the costs of removal or remediation of hazardous or toxic substances on, under or in that real property. These laws often impose liability whether or not the owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances may be substantial. In addition, the presence of hazardous or toxic substances, or the failure to remedy environmental hazards properly, may adversely affect the owner's or operator's ability to sell or rent affected real property or to borrow money using affected real property as collateral.

Persons or entities that arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of hazardous or toxic substances at the disposal or treatment facility, whether or not that facility is owned or operated by the person or entity arranging for the disposal or treatment of hazardous or toxic substances. Laws exist that impose liability for release of asbestos containing materials ("ACMs") into the air, and third parties may seek recovery from owners or operators of real property for personal injury associated with exposure to ACMs. In connection with our ownership, operation, management, development and redevelopment of the Centers, or any other centers or properties we acquire in the future, we may be potentially liable under these laws and may incur costs in responding to these liabilities.

Some of our properties are subject to potential natural or other disasters.

Some of our Centers are located in areas that are subject to natural disasters, including our Centers in California or in other areas with higher risk of earthquakes, our Centers in flood plains or in areas that may be adversely affected by tornados, as well as our Centers in coastal regions that may be adversely affected by increases in sea levels or in the frequency or severity of hurricanes, tropical storms or other severe weather conditions. The occurrence of natural disasters can delay redevelopment or development projects, increase investment costs to repair or replace damaged properties, increase future property insurance costs and negatively impact the tenant demand for lease space. If insurance is unavailable to us or is unavailable on acceptable terms, or our insurance is not adequate to cover losses from these events, our financial condition and results of operations could be adversely affected.

Uninsured losses could adversely affect our financial condition.

Each of our Centers has comprehensive liability, fire, extended coverage and rental loss insurance with insured limits customarily carried for similar properties. We do not insure certain types of losses (such as losses from wars), because they are either uninsurable or not economically insurable. In addition, while we or the relevant joint venture, as applicable, carry specific earthquake insurance on the Centers located in California, the policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $150 million on these Centers. We or the relevant joint venture, as applicable, carry specific earthquake insurance on the Centers located in the Pacific Northwest and in the New Madrid Seismic Zone. However, the policies are subject to a deductible equal to 2% of the total insured value of each Center, a $50,000 per occurrence minimum and a combined annual aggregate loss limit of $200 million on these Centers. While we or the relevant joint venture also carry terrorism insurance on

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the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss limit of $800 million. Each Center has environmental insurance covering eligible third party losses, remediation and non-owned disposal sites, subject to a $100,000 deductible and a $50 million three-year aggregate loss limit. Some environmental losses are not covered by this insurance because they are uninsurable or not economically insurable. Furthermore, we carry title insurance on substantially all of the Centers for generally less than their full value. The Terrorism Risk Insurance Act (or TRIA), which creates a federally-funded backstop for terrorism-related insurance claims, is set to expire on December 31, 2014. Although it is expected that TRIA will be extended by Congress, if TRIA expires, then the number of insurers offering terrorism insurance will likely decrease and/or the cost to purchase terrorism insurance will increase.

If an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue from the property, but may remain obligated for any mortgage debt or other financial obligations related to the property.

Inflation may adversely affect our financial condition and results of operations.

If inflation increases in the future, we may experience any or all of the following:

- Difficulty in replacing or renewing expiring leases with new leases at higher rents;
- Decreasing tenant sales as a result of decreased consumer spending which could adversely affect the ability of our tenants to meet their rent obligations and/or result in lower percentage rents; and
- An inability to receive reimbursement from our tenants for their share of certain operating expenses, including common area maintenance, real estate taxes and insurance.

Inflation also poses a risk to us due to the possibility of future increases in interest rates. Such increases would adversely impact us due to our outstanding floating-rate debt as well as result in higher interest rates on new fixed-rate debt. In certain cases, we may limit our exposure to interest rate fluctuations related to a portion of our floating-rate debt by the use of interest rate cap and swap agreements. Such agreements, subject to current market conditions, allow us to replace floating-rate debt with fixed-rate debt in order to achieve our desired ratio of floating-rate to fixed-rate debt. However, in an increasing interest rate environment the fixed rates we can obtain with such replacement fixed-rate cap and swap agreements or the fixed-rate on new debt will also continue to increase.

We have substantial debt that could affect our future operations.

Our total outstanding loan indebtedness at December 31, 2013 was $6.0 billion (consisting of $4.6 billion of consolidated debt, less $0.3 billion attributable to noncontrolling interests, plus $1.7 billion of our pro rata share of unconsolidated joint venture debt). Approximately $119.0 million of such indebtedness (at our pro rata share) matures in 2014. As a result of this substantial indebtedness, we are required to use a material portion of our cash flow to service principal and interest on our debt, which limits the amount of cash available for other business opportunities. We are also subject to the risks normally associated with debt financing, including the risk that our cash flow from operations will be insufficient to meet required debt service and that rising interest rates could adversely affect our debt service costs. In addition, our use of interest rate hedging arrangements may expose us to additional risks, including that the counterparty to the arrangement may fail to honor its obligations and that termination of these arrangements typically involves costs such as transaction fees or breakage costs. Furthermore, most of our Centers are mortgaged to secure payment of indebtedness, and if income from the Center is insufficient to pay that indebtedness, the Center could be foreclosed upon by the mortgagee resulting in a loss of income and a decline in our total asset value. Certain Centers also have debt that could become recourse debt to us if the Center is unable to discharge such debt obligation and, in certain circumstances, we may incur liability with respect to such debt greater than our legal ownership.

We are obligated to comply with financial and other covenants that could affect our operating activities.

Our unsecured credit facilities contain financial covenants, including interest coverage requirements, as well as limitations on our ability to incur debt, make dividend payments and make certain acquisitions. These covenants may restrict our ability to pursue certain business initiatives or certain transactions that might otherwise be advantageous. In addition, failure to meet certain of these financial covenants could cause an event of default under and/or accelerate some or all of such indebtedness which could have a material adverse effect on us.

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We depend on external financings for our growth and ongoing debt service requirements.

We depend primarily on external financings, principally debt financings and, in more limited circumstances, equity financings, to fund the growth of our business and to ensure that we can meet ongoing maturities of our outstanding debt. Our access to financing depends on the willingness of banks, lenders and other institutions to lend to us based on their underwriting criteria which can fluctuate with market conditions and on conditions in the capital markets in general. In addition, levels of market disruption and volatility could materially adversely impact our ability to access the capital markets for equity financings. There are no assurances that we will continue to be able to obtain the financing we need for future growth or to meet our debt service as obligations mature, or that the financing will be available to us on acceptable terms, or at all. Any debt refinancing could also impose more restrictive terms.

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

Certain individuals have substantial influence over the management of both us and the Operating Partnership, which may create conflicts of interest.

Under the limited partnership agreement of the Operating Partnership, we, as the sole general partner, are responsible for the management of the Operating Partnership's business and affairs. Three of the principals of the Operating Partnership serve as our executive officers and as members of our board of directors. Accordingly, these principals have substantial influence over our management and the management of the Operating Partnership. As a result, certain decisions concerning our operations or other matters affecting us may present conflicts of interest for these individuals.

Outside partners in Joint Venture Centers result in additional risks to our stockholders.

We own partial interests in property partnerships that own 24 Joint Venture Centers as well as several development sites. We may acquire partial interests in additional properties through joint venture arrangements. Investments in Joint Venture Centers involve risks different from those of investments in Wholly Owned Centers.

We have fiduciary responsibilities to our partners that could affect decisions concerning the Joint Venture Centers. Third parties in certain Joint Venture Centers (notwithstanding our majority legal ownership) share control of major decisions relating to the Joint Venture Centers, including decisions with respect to sales, refinancings and the timing and amount of additional capital contributions, as well as decisions that could have an adverse impact on us.

In addition, we may lose our management and other rights relating to the Joint Venture Centers if:

- we fail to contribute our share of additional capital needed by the property partnerships; or
- we default under a partnership agreement for a property partnership or other agreements relating to the property partnerships or the Joint Venture Centers.

Our legal ownership interest in a joint venture vehicle may, at times, not equal our economic interest in the entity because of various provisions in certain joint venture agreements regarding distributions of cash flow based on capital account balances, allocations of profits and losses and payments of preferred returns. As a result, our actual economic interest (as distinct from our legal ownership interest) in certain of the Joint Venture Centers could fluctuate from time to time and may not wholly align with our legal ownership interests. Substantially all of our joint venture agreements contain rights of first refusal, buy-sell provisions, exit rights, default dilution remedies and/or other break up provisions or remedies which are customary in real estate joint venture agreements and which may, positively or negatively, affect the ultimate realization of cash flow and/or capital or liquidation proceeds.

Our holding company structure makes us dependent on distributions from the Operating Partnership.

Because we conduct our operations through the Operating Partnership, our ability to service our debt obligations and pay dividends to our stockholders is strictly dependent upon the earnings and cash flows of the Operating Partnership and the ability of the Operating Partnership to make distributions to us. Under the Delaware Revised Uniform Limited Partnership Act, the Operating Partnership is prohibited from making any distribution to us to the extent that at the time of the distribution, after giving effect to the distribution, all liabilities of the Operating Partnership (other than some non-recourse liabilities and some liabilities to the partners) exceed the fair value of the assets of the Operating Partnership. An inability to make cash distributions from the Operating Partnership could jeopardize our ability to maintain qualification as a REIT.

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An ownership limit and certain anti-takeover defenses could inhibit a change of control or reduce the value of our common stock.

The Ownership Limit. In order for us to maintain our qualification as a REIT, not more than 50% in value of our outstanding stock (after taking into account options to acquire stock) may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code to include some entities that would not ordinarily be considered "individuals") during the last half of a taxable year. Our Charter restricts ownership of more than 5% (the "Ownership Limit") of the lesser of the number or value of our outstanding shares of stock by any single stockholder or a group of stockholders (with limited exceptions for some holders of limited partnership interests in the Operating Partnership, and their respective families and affiliated entities, including all three principals who serve as one of our executive officers and directors). In addition to enhancing preservation of our status as a REIT, the Ownership Limit may:

- have the effect of delaying, deferring or preventing a change in control of us or other transaction without the approval of our board of directors, even if the change in control or other transaction is in the best interest of our stockholders; and
- limit the opportunity for our stockholders to receive a premium for their common stock or preferred stock that they might otherwise receive if an investor were attempting to acquire a block of stock in excess of the Ownership Limit or otherwise effect a change in control of us.

Our board of directors, in its sole discretion, may waive or modify (subject to limitations) the Ownership Limit with respect to one or more of our stockholders, if it is satisfied that ownership in excess of this limit will not jeopardize our status as a REIT.

Selected Provisions of our Charter, Bylaws and Maryland Law. Some of the provisions of our Charter, bylaws and Maryland law may have the effect of delaying, deferring or preventing a third party from making an acquisition proposal for us and may inhibit a change in control that some, or a majority, of our stockholders might believe to be in their best interest or that could give our stockholders the opportunity to realize a premium over the then-prevailing market prices for our shares. These provisions include the following:

- advance notice requirements for stockholder nominations of directors and stockholder proposals to be considered at stockholder meetings;
- the obligation of the directors to consider a variety of factors (in addition to maximizing stockholder value) with respect to a proposed business combination or other change of control transaction;
- the authority of the directors to classify or reclassify unissued shares and issue one or more series of common stock or preferred stock;
- the authority to create and issue rights entitling the holders thereof to purchase shares of stock or other securities or property from us; and
- limitations on the amendment of our Charter and bylaws, the change in control of us, and the liability of our directors and officers.

In addition, the Maryland General Corporation Law prohibits business combinations between a Maryland corporation and an interested stockholder (which includes any person who beneficially holds 10% or more of the voting power of the corporation's outstanding voting stock or any affiliate or associate of ours who was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the corporation's outstanding stock at any time within the two year period prior to the date in question) or its affiliates for five years following the most recent date on which the interested stockholder became an interested stockholder and, after the five-year period, requires the recommendation of the board of directors and two supermajority stockholder votes to approve a business combination unless the stockholders receive a minimum price determined by the statute. As permitted by Maryland law, our Charter exempts from these provisions any business combination between us and the principals and their respective affiliates and related persons. Maryland law also allows the board of directors to exempt particular business combinations before the interested stockholder becomes an interested stockholder. Furthermore, a person is not an interested stockholder if the transaction by which he or she would otherwise have become an interested stockholder is approved in advance by the board of directors.

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The Maryland General Corporation Law also provides that the acquirer of certain levels of voting power in electing directors of a Maryland corporation (one-tenth or more but less than one-third, one-third or more but less than a majority and a majority or more) is not entitled to vote the shares in excess of the applicable threshold, unless voting rights for the shares are approved by holders of two-thirds of the disinterested shares or unless the acquisition of the shares has been specifically or generally approved or exempted from the statute by a provision in our Charter or bylaws adopted before the acquisition of the shares. Our Charter exempts from these provisions voting rights of shares owned or acquired by the principals and their respective affiliates and related persons. Our bylaws also contain a provision exempting from this statute any acquisition by any person of shares of our common stock. There can be no assurance that this bylaw will not be amended or eliminated in the future. The Maryland General Corporation Law and our Charter also contain supermajority voting requirements with respect to our ability to amend our Charter, merge, or sell all or substantially all of our assets. Furthermore, the Maryland General Corporation Law permits our board of directors, without stockholder approval and regardless of what is currently provided in our Charter or bylaws, to implement certain takeover defenses.

FEDERAL INCOME TAX RISKS

The tax consequences of the sale of some of the Centers and certain holdings of the principals may create conflicts of interest.

The principals will experience negative tax consequences if some of the Centers are sold. As a result, the principals may not favor a sale of these Centers even though such a sale may benefit our other stockholders. In addition, the principals may have different interests than our stockholders because they are significant holders of the Operating Partnership.

If we were to fail to qualify as a REIT, we would have reduced funds available for distributions to our stockholders.

We believe that we currently qualify as a REIT. No assurance can be given that we will remain qualified as a REIT. Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. The complexity of these provisions and of the applicable income tax regulations is greater in the case of a REIT structure like ours that holds assets in partnership form. The determination of various factual matters and circumstances not entirely within our control, including determinations by our partners in the Joint Venture Centers, may affect our continued qualification as a REIT. In addition, legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to our qualification as a REIT or the U.S. federal income tax consequences of that qualification.

In addition, we currently hold certain of our properties through subsidiaries that have elected to be taxed as REITs and we may in the future determine that it is in our best interests to hold one or more of our other properties through one or more subsidiaries that elect to be taxed as REITs. If any of these subsidiaries fails to qualify as a REIT for U.S. federal income tax purposes, then we may also fail to qualify as a REIT for U.S. federal income tax purposes.

If in any taxable year we were to fail to qualify as a REIT, we will suffer the following negative results:

- we will not be allowed a deduction for distributions to stockholders in computing our taxable income; and
- we will be subject to U.S. federal income tax on our taxable income at regular corporate rates.

In addition, if we were to lose our REIT status, we would be prohibited from qualifying as a REIT for the four taxable years following the year during which the qualification was lost, absent relief under statutory provisions. As a result, net income and the funds available for distributions to our stockholders would be reduced for at least five years and the fair market value of our shares could be materially adversely affected. Furthermore, the Internal Revenue Service could challenge our REIT status for past periods. Such a challenge, if successful, could result in us owing a material amount of tax for prior periods. It is possible that future economic, market, legal, tax or other considerations might cause our board of directors to revoke our REIT election.

Even if we remain qualified as a REIT, we might face other tax liabilities that reduce our cash flow. Further, we might be subject to federal, state and local taxes on our income and property. Any of these taxes would decrease cash available for distributions to stockholders.

Complying with REIT requirements might cause us to forego otherwise attractive opportunities.

In order to qualify as a REIT for U.S. federal income tax purposes, we must satisfy tests concerning, among other things, our sources of income, the nature of our assets, the amounts we distribute to our stockholders and the ownership of our

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stock. We may also be required to make distributions to our stockholders at disadvantageous times or when we do not have funds readily available for distribution. Thus, compliance with REIT requirements may cause us to forego opportunities we would otherwise pursue.

In addition, the REIT provisions of the Internal Revenue Code impose a 100% tax on income from “prohibited transactions.” Prohibited transactions generally include sales of assets that constitute inventory or other property held for sale in the ordinary course of business, other than foreclosure property. This 100% tax could impact our desire to sell assets and other investments at otherwise opportune times if we believe such sales could be considered prohibited transactions.

Complying with REIT requirements may force us to borrow or take other measures to make distributions to our stockholders.

As a REIT, we generally must distribute 90% of our annual taxable income (subject to certain adjustments) to our stockholders. From time to time, we might generate taxable income greater than our net income for financial reporting purposes, or our taxable income might be greater than our cash flow available for distributions to our stockholders. If we do not have other funds available in these situations, we might be unable to distribute 90% of our taxable income as required by the REIT rules. In that case, we would need to borrow funds, liquidate or sell a portion of our properties or investments (potentially at disadvantageous or unfavorable prices), in certain limited cases distribute a combination of cash and stock (at our stockholders' election but subject to an aggregate cash limit established by the Company) or find another alternative source of funds. These alternatives could increase our costs or reduce our equity. In addition, to the extent we borrow funds to pay distributions, the amount of cash available to us in future periods will be decreased by the amount of cash flow we will need to service principal and interest on the amounts we borrow, which will limit cash flow available to us for other investments or business opportunities.

Tax legislative or regulatory action could adversely affect us or our investors.

In recent years, numerous legislative, judicial, and administrative changes have been made to the U.S. federal income tax laws applicable to investments similar to an investment in our stock. Additional changes to tax laws are likely to continue in the future, and we cannot assure you that any such changes will not adversely affect the taxation of us or our stockholders. Any such changes could have an adverse effect on an investment in our stock or on the market value or the resale potential of our properties.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The following table sets forth certain information regarding the Centers and other locations that are wholly owned or partly owned by the Company as of December 31, 2013, excluding the 2014 Disposition Center.

Count	Company's Ownership(1)	Name of Center/Location(2)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion/ Renovation	Total GLA(3)	Mall and Freestanding GLA	Percentage of Mall and Freestanding GLA Leased	Non-Owned Anchors (3)	Company Owned Anchors (3)
	CONSOLIDATED CENTERS:								
1	100%	Arrowhead Towne Center Glendale, Arizona	1993/2002	2004	1,198,000	390,000	96.8%	Dillard's, JCPenney, Macy's, Sears	Dick's Sporting Goods, Forever 21
2	100%	Capitola Mall(5) Capitola, California	1977/1995	1988	586,000	196,000	85.3%	Macy's, Sears, Target	Kohl's
3	50.1%	Chandler Fashion Center Chandler, Arizona	2001/2002	-	1,321,000	636,000	97.5%	Dillard's, Macy's, Nordstrom, Sears	
4	100%	Danbury Fair Mall Danbury, Connecticut	1986/2005	2010	1,272,000	583,000	96.6%	JCPenney, Macy's, Sears	Forever 21, Lord & Taylor
5	100%	Deptford Mall Deptford, New Jersey	1975/2006	1990	1,040,000	344,000	96.7%	JCPenney, Macy's, Sears	Boscov's
6	100%	Desert Sky Mall Phoenix, Arizona	1981/2002	2007	891,000	280,000	89.2%	Burlington Coat Factory, Dillard's, Sears	La Curacao, Mercado de los Cielos
7	100%	Eastland Mall(5) Evansville, Indiana	1978/1998	1996	1,043,000	554,000	98.8%	Dillard's, Macy's	JCPenney
8	60%	Fashion Outlets of Chicago Rosemont, Illinois	2013/—	-	528,000	528,000	95.4%	-	-
9	100%	Fashion Outlets of Niagara Falls USA Niagara Falls, New York	1982/2011	2009	525,000	525,000	94.6%	-	-
10	100%	Flagstaff Mall Flagstaff, Arizona	1979/2002	2007	347,000	143,000	78.8%	Dillard's, Sears	JCPenney
11	100%	FlatIron Crossing Broomfield, Colorado	2000/2002	2009	1,435,000	792,000	93.7%	Dillard's, Macy's, Nordstrom	Dick's Sporting Goods
12	50.1%	Freehold Raceway Mall	1990/2005	2007	1,674,000	876,000	98.5%	JCPenney, Lord &	-

		Freehold, New Jersey						Taylor, Macy's, Nordstrom, Sears	
13	100%	Fresno Fashion Fair Fresno, California	1970/1996	2006	967,000	406,000	96.8%	Macy's Women's & Home	Forever 21, JCPenney, Macy's Men's & Children's
14	100%	Great Northern Mall(7) Clay, New York	1988/2005	-	895,000	565,000	95.5%	Macy's, Sears	-
15	100%	Green Acres Mall(5) Valley Stream, New York	1956/2013	2007	1,787,000	743,000	93.4%	-	BJ's Wholesale Club, JCPenney Kohl's, Macy's, Macy's Men's/Furniture Gallery, Sears, Walmart
16	100%	Kings Plaza Shopping Center(5) Brooklyn, New York	1971/2012	2002	1,195,000	466,000	95.9%	Macy's	Lowe's, Sears
17	100%	La Cumbre Plaza(5) Santa Barbara, California	1967/2004	1989	494,000	177,000	86.4%	Macy's	Sears
18	100%	Lake Square Mall Leesburg, Florida	1980/1998	1995	559,000	263,000	78.6%	Target	Belk, JCPenney Sears
19	100%	Northgate Mall San Rafael, California	1964/1986	2010	720,000	250,000	97.9%	-	Kohl's, Macy's, Sears

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Count	Company's Ownership(1)	Name of Center/Location(2)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion/ Renovation	Total GLA(3)	Mall and Freestanding GLA	Percentage of Mall and Freestanding GLA Leased	Non-Owned Anchors (3)	Company Owned Anchors (3
20	100%	NorthPark Mall Davenport, Iowa	1973/1998	2001	1,050,000	399,000	91.6%	Dillard's, JCPenney, Sears, Von Maur	Younkers
21	100%	Oaks, The Thousand Oaks, California	1978/2002	2009	1,142,000	585,000	97.2%	JCPenney, Macy's, Macy's Men's & Home	Nordstrom
22	100%	Pacific View Ventura, California	1965/1996	2001	1,021,000	372,000	98.7%	JCPenney, Sears, Target	Macy's
23	100%	Santa Monica Place Santa Monica, California	1980/1999	2010	475,000	252,000	90.5%	-	Bloomingda Nordstrom
24	84.9%	SanTan Village Regional Center Gilbert, Arizona	2007/—	2009	999,000	662,000	96.7%	Dillard's, Macy's	-
25	100%	Somersville Towne Center Antioch, California	1966/1986	2004	348,000	175,000	73.2%	Sears	Macy's
26	100%	SouthPark Mall Moline, Illinois	1974/1998	1990	904,000	435,000	79.4%	Dillard's, Von Maur	JCPenney, Younkers
27	100%	South Plains Mall Lubbock, Texas	1972/1998	1995	1,129,000	471,000	88.3%	Sears	Bealls, Dill (two), JCPenney
28	100%	South Towne Center Sandy, Utah	1987/1997	1997	1,276,000	500,000	88.9%	Dillard's	Forever 21, JCPenney, Macy's, Tar
29	100%	Superstition Springs Center(7) Mesa, Arizona	1990/2002	2002	1,082,000	388,000	96.9%	Dillards, JCPenney, Macy's, Sears	-
30	100%	Towne Mall Elizabethtown, Kentucky	1985/2005	1989	350,000	179,000	86.4%	-	Belk, JCPenney, Sears
31	100%	Tucson La Encantada Tucson, Arizona	2002/2002	2005	243,000	243,000	92.2%	-	-
32	100%		1963/1979	2007	854,000	562,000	95.7%	Macy's	Home Depo

		Twenty Ninth Street(5) Boulder, Colorado							
33	100%	Valley Mall Harrisonburg, Virginia	1978/1998	1992	504,000	231,000	95.4%	Target	Belk, JCPer
34	100%	Valley River Center(7) Eugene, Oregon	1969/2006	2007	921,000	345,000	98.2%	Macy's	JCPenney, Sports Authority
35	100%	Victor Valley, Mall of Victorville, California	1986/2004	2012	579,000	306,000	97.0%	Macy's	JCPenney, Sears
36	100%	Vintage Faire Mall Modesto, California	1977/1996	2008	1,126,000	426,000	99.3%	Forever 21, Macy's Women's & Children's, Sears	JCPenney, Macy's Mer & Home
37	100%	Westside Pavilion Los Angeles, California	1985/1998	2007	755,000	397,000	94.7%	Macy's	Nordstrom
38	100%	Wilton Mall Saratoga Springs, New York	1990/2005	1998	735,000	500,000	90.7%	JCPenney	Bon-Ton, S
		Total Consolidated Centers			33,970,000	16,145,000	93.9%		
	UNCONSOLIDATED JOINT VENTURE CENTERS:								
39	50%	Biltmore Fashion Park Phoenix, Arizona	1963/2003	2006	530,000	225,000	90.0%	-	Macy's, Sak Fifth Avenu
40	50%	Broadway Plaza(5) Walnut Creek, California	1951/1985	1994	776,000	214,000	87.1%	Macy's Women's, Children's & Home	Macy's Mer & Juniors, Neiman Marcus, Nordstrom
41	51%	Cascade Mall(8) Burlington, Washington	1989/1999	1998	592,000	267,000	91.5%	Target	JCPenney, Macy's, Ma Men's, Children's & Home, Sear

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Count	Company's Ownership(1)	Name of Center/Location(2)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion/ Renovation	Total GLA(3)	Mall and Freestanding GLA	Percentage of Mall and Freestanding GLA Leased	Non-Own Anchors (
42	50.1%	Corte Madera, Village at Corte Madera, California	1985/1998	2005	441,000	223,000	97.8%	Macy's, Nordstrom
43	50%	Inland Center(5)(7) San Bernardino, California	1966/2004	2004	933,000	205,000	97.9%	Macy's, Sears
44	50%	Kierland Commons Scottsdale, Arizona	1999/2005	2003	434,000	434,000	97.2%	-
45	51%	Lakewood Center(8) Lakewood, California	1953/1975	2008	2,066,000	1,001,000	97.5%	-
46	51%	Los Cerritos Center(7)(8) Cerritos, California	1971/1999	2010	1,309,000	514,000	97.3%	Macy's, Nordstrom Sears
47	50%	North Bridge, The Shops at(5) Chicago, Illinois	1998/2008	-	675,000	415,000	97.3%	-
48	51%	Queens Center(5) Queens, New York	1973/1995	2004	971,000	415,000	98.8%	JCPenney, Macy's
49	50%	Scottsdale Fashion Square Scottsdale, Arizona	1961/2002	2009	1,723,000	753,000	94.5%	Dillard's
50	51%	Stonewood Center(5)(8) Downey, California	1953/1997	1991	935,000	361,000	96.1%	-
51	50%	Tysons Corner Center(5) McLean, Virginia	1968/2005	2005	1,957,000	1,072,000	98.2%	-
52	51%	Washington Square(8)	1974/1999	2005	1,443,000	508,000	92.2%	Macy's, Sears

		Portland, Oregon						
53	19%	West Acres Fargo, North Dakota	1972/1986	2001	972,000	419,000	99.8 %	Herberger' Macy's
		Total Unconsolidated Joint Ventures			15,757,000	7,026,000	96.2 %	

$	—	$	120,848	$	120,848

The following table shows the change in Level 3 liability measured at fair value on a recurring basis for the year ended December 31, 2015 and the three months ended March 31, 2016:

	Derivative liability embedded conversion feature
Balance, January 1, 2015	$ —
Issuance during 2015	66,227
Unrealized loss on change in fair value	54,621
Balance, December 31, 2015	120,848
Issuance during 2016	—
Unrealized (gain) on change in fair value	(55,875)
Balance, March 31, 2016	$ 64,973

On January 5, 2015, WMIH raised $600.0 million of capital (less transaction costs) through the issuance of 600,000 shares of Series B Preferred Stock. The shares carry a liquidation preference of $1,000 per share, equal to their initial purchase price. In addition, they have a mandatory redemption right three years from issuance date at a price equal to the initial investment amount, plus accrued dividends at 3% per annum.

The purpose of the capital raise was principally to pursue strategic acquisitions of operating companies that fit the Company’s desired business model. Management intends to pursue such an acquisition or acquisitions with the proceeds of the capital raise, and should it occur during the three-year term of the Series B Preferred Stock, there is a mandatory conversion of these shares into common stock of WMIH. Mandatory conversion occurs at a price that is the lesser of:

i) $2.25 per share of WMIH common stock; and
ii) the arithmetic average of daily volume weighted average prices of WMIH’s common stock during the 20 trading day period ending on the trading day immediately preceding the public announcement by WMIH of its entry into a definitive agreement for such acquisition, subject to a floor of $1.75 per share of WMIH common stock.

We use a binomial lattice option pricing model to value the embedded conversion feature that is subject to fair value liability accounting. The key inputs which we utilize in the determination of the fair value as of the reporting date include our stock price as well as assumptions regarding a number of complex and subjective variables. These variables include, but are not limited to, expected stock price volatility over the term of the convertible preferred securities, which we estimated at 40% for both March 31, 2016 and December 31, 2015, and risk-free interest rate, which was estimated at 0.47% as of March 31, 2016 and 0.6% as of December 31, 2015. In addition, the model requires the input of an expected probability of occurrence, which we estimated at 90% for both March 31, 2016 and December 31, 2015, and the timing of a Qualified Acquisition which initiates the mandatory conversion, which we estimated at 9 months from March 31, 2016 and 12 months from December 31, 2015. The fair value of the embedded conversion feature liability is revalued each balance sheet date utilizing our model computations with the decrease or increase in fair value being reported in the statement of operations as unrealized gain or (loss) on change in fair value of derivative liability - embedded conversion feature, respectively. The primary factors affecting the fair value of the embedded conversion feature liability are the probability of occurrence and timing of a Qualified Acquisition, our stock price and our stock price volatility. In addition, the use of a model requires the input of subjective assumptions, and changes to these assumptions could provide differing results.

Our reported net income was approximately $55.6 million for the three months ended March 31, 2016. If the closing stock price of our common stock had been 10% lower, our net income would have been approximately $42.4 million higher. If the closing stock price of our common stock had been 10% higher, our net income would have been approximately $47.7 million lower. If our volatility assumption on March 31, 2016 had been 10% lower, our net income would have been approximately $5.5 million higher and if our volatility assumption had been 10% higher, our net income would have been approximately $8.0 million lower. If our probability of a transaction occurring assumption on March 31, 2016 had been 10% lower, our net income would have been approximately $7.2 million higher and if our probability of a transaction occurring assumption had been 10% higher, our net income would have been approximately $7.2 million lower.

Note 14: Subsequent Events

The Company has evaluated subsequent events through the date these financial statements were issued and has concluded that no material subsequent events occurred during this period that would require recognition or disclosure.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.
The following discussion should be read in conjunction with our financial statements and the related notes, included in Item 1 of this Quarterly Report on Form 10-Q. The following is a discussion and analysis of our results of operations for the three months ended March 31, 2016 and 2015 and financial condition as of March 31, 2016 and December 31, 2015 (dollars in thousands, except per share data and as otherwise indicated).

References as used herein, unless the context requires otherwise, to (i) the "Company," "we," "us," or "our" refer to WMIH Corp. (formerly WMI Holdings Corp.) and its subsidiaries on a consolidated basis; (ii) "WMIH" refers only to WMIH Corp., without regard to its subsidiaries; (iii) "WMIHC" refers only to WMI Holdings Corp., without regard to its subsidiaries; (iv) "WMMRC" refers to WM Mortgage Reinsurance Company, Inc. (a wholly-owned subsidiary of WMIH); and (v) "WMIIC" refers to WMI Investment Corp. (a wholly-owned subsidiary of WMIH).

FORWARD-LOOKING STATEMENTS AND INFORMATION

This quarterly report includes forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact included in this report that address activities, events, conditions or developments that we expect, believe or anticipate will or may occur in the future are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business and these statements are not guarantees of future performance. These statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements may include the words "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "strategy," "future," "opportunity," "will," "would," "will be," "will continue," "will likely result" and similar expressions. Such forward-looking statements invol risks and uncertainties that may cause actual events, results or performance to differ materially from those indicated by such statements. These risks are identified and discussed in the Company's Annual Report on Form 10-K for the year ended December 31, 2015 under Risk Factors in Part I, Item 1A. These risk factors will be important to consider in determining future results and should be reviewed in their entirety. These forward-looking statements are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that the events, results or trends identified in these forward-looking statements will occur or be achieved. Forward-looking statements speak only as of the date they are made, and we do not undertake to update any forward-looking statement, except as required by law. Therefore, you should not rely on these statements being current as of any time other than the time at which this document was filed with the SEC.

OVERVIEW

Our Business Strategy and Operating Environment

WMIH Corp. ("WMIH") is a corporation duly organized and existing under the laws of the State of Delaware. On May 11, 2015, WMIH merged with its parent corporation, WMI Holdings Corp., a Washington corporation ("WMIHC"), with WMIH as the surviving corporation in the merger (the "Merger"). The Merger occurred as part of the reincorporation of WMIHC from the State of Washington to the State of Delaware effective May 11, 2015 (the "Reincorporation Date").

WMIH is the direct parent of WM Mortgage Reinsurance Company, Inc., ("WMMRC") and WMI Investment Corp., ("WMIIC"). Since emergence from bankruptcy on March 19, 2012 (the "Effective Date"), we had limited operations other than WMMRC's legacy reinsurance business, which is being operated in runoff mode. We continue to operate WMMRC's business in runoff mode and our primary strategic objective is to consummate one or more acquisitions of an operating business, either through a merger, purchase, business combination or other form of acquisition, and grow our business.

Until such time as an acquisition is consummated, we intend to continue to seek, identify and evaluate acquisition opportunities of varying sizes across a broad array of industries for the purpose of facilitating an acquisition by WMIH of one or more operating businesses. Our management team meets regularly with the Corporate Strategy and Development Committee of our Board of Directors (the “CS&D Committee”) to discuss and evaluate potential acquisition targets. During the three months ended March 31, 2016 and the year ended December 31, 2015, the CS&D Committee met formally and informally numerous times to assess various opportunities. In 2015 and 2016 we have focused primarily on acquisition targets in the financial services industry, including targets with consumer finance, commercial finance, specialty finance, leasing and insurance operations.

On January 5, 2015, WMIH announced that it had completed an offering (the “Series B Preferred Stock Financing”) of 600,000 shares of its 3% Series B Convertible Preferred Stock, par value $0.00001, liquidation preference $1,000 per share (the “Series B Preferred Stock”) in the amount of aggregate gross proceeds equal to $600 million, pursuant to a Purchase Agreement (the “Purchase Agreement”) with Citigroup Global Markets Inc. (“Citi”) and KKR Capital Markets LLC (“KCM”), an affiliate of KKR Fund Holdings L.P. (“KKR Fund”) and KKR Management Holdings L.P. (“KKR Management”). The net proceeds from the Series B Preferred Stock Financing in the amount of $598.5 million were deposited into an escrow account and initially invested in United States government securities having a maturity of 180 days or less, in certain money market funds, or cash items. The net proceeds of the Series B Preferred Stock Financing will be released from escrow to us from time to time in amounts needed to finance our efforts to explore and fund, in whole or in part, acquisitions whether completed or not, including reasonable attorney fees and expenses, accounting expenses, due diligence and financial advisor fees and expenses. For further information on the Series B Preferred Stock Financing, see Note 9: Capital Stock, to the condensed consolidated financial information in Item 1 of this Quarterly Report on Form 10-Q.

During the year ended December 31, 2015, WMIH identified a potential acquisition opportunity and participated in a competitive sale process with respect to an operating division of a public company. However, we were not able to reach a definitive agreement for the transaction and discussions ceased on October 13, 2015. In connection with the foregoing, the Company expended time and resources to explore this potential acquisition, including the incurrence of approximately $11.1 million in fees and expenses for financial advisory, legal and consulting services. As permitted under the terms of the Series B Preferred Stock Financing, the fees and costs associated with the exploration of this acquisition opportunity were paid using a portion of the proceeds of the Series B Preferred Stock Financing. WMIH will continue to evaluate acquisition opportunities and work with our strategic partner, an affiliate of KKR & CO. L.P. (together with its affiliates, “KKR”), to identify, consider and evaluate potential mergers, acquisitions, business combinations and other strategic opportunities. As of March 31, 2016, we had not consummated an acquisition and we can provide no assurances that we will successfully consummate a transaction and, if so, on what terms.

In connection with our stated objective to consummate one or more acquisitions of an operating business, we may explore various financing alternatives to fund our external growth strategy, including further improving our capital structure, which may include increasing, reducing and/or refinancing debt, pursuing capital raising activities, such as the issuance of new preferred or common equity and/or a rights offering to our existing stockholders, launching an exchange offer, and pursuing other transactions involving our outstanding securities.

With respect to our current operations, the Company currently operates a single business through its subsidiary, WMMRC, whose sole activity is the reinsurance of mortgage insurance policies. WMMRC has been operated in runoff mode since September 26, 2008. Since that date, WMMRC has not underwritten any new policies (and by extension any new risk). WMMRC, through predecessor companies, began reinsuring risks in 1997 and continued reinsuring risks through September 25, 2008.

All of WMMRC’s reinsurance agreements are on an excess of loss basis, except for certain reinsurance treaties with GMIC and Radian during 2007 and 2008, which are reinsured on a 50% quota share basis. Pursuant to the excess of loss reinsurance treaties, WMMRC reinsures a second loss layer which ranges from 5% to 10% of the risk in force in excess of the primary mortgage insurer’s first loss percentages which range from 4% to 5%. Each calendar year, or book year, is treated separately from other years when calculating losses. In return for accepting a portion of the risk, WMMRC receives, net of ceding commission, a percentage of the premium that ranges from 25% to 40%.

Beginning in 2006, the U.S. housing market and related credit markets experienced a multi-year downturn. During that period, housing prices declined materially, credit guidelines tightened, delays in mortgage servicing and foreclosure activities occurred, and deterioration in the credit performance of mortgage loans occurred. In addition, the macro-economic environment during that period demonstrated limited economic growth, stubbornly high unemployment, and limited median wage gains. Beginning in 2012, home prices began to rise again although they remain slightly below their 2006 peak. The outlook for the housing market is cautiously optimistic with relatively low interest rates, an improving jobs market, increased household formation rates and less restrictive credit conditions. Nevertheless, WMMRC’s operating environment remains uncertain as much of its results over the next several years will be directly affected by the inventory of pending defaulted mortgages at its ceding companies arising primarily from mortgages originated in calendar years 2005 through 2008. However, its financial exposure to that environment has been reduced as the remaining net aggregate risk exposure has decreased due to the runoff nature of its operations.

Our Financial Information

The financial information in this Quarterly Report on Form 10-Q has been derived from our condensed consolidated financial statements.

Critical Accounting Policies

Our condensed consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), which requires management to make estimates and assumptions that affect reported and disclosed amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting period. We believe that the critical accounting policies set forth in the accompanying condensed consolidated financial statements describe the more significant judgments and estimates used in the preparation of our condensed consolidated financial statements. These accounting policies pertain to premium revenues and risk transfer, valuation of investments, loss and loss adjustment expense reserves, our values under fresh start accounting, the resulting loss contract fair market value reserve and the valuation of the derivative liability relating to the embedded conversion feature on the Series B Preferred Stock. If actual events differ significantly from the underlying judgments or estimates used by management in the application of these accounting policies, there could be a material effect on our results of operations and financial condition.

The Company adopted fresh start accounting in accordance with ASC 852 on the Effective Date.

Recently issued accounting standards and their impact on the Company have been presented under “New Accounting Pronouncements” in Note 2: Significant Accounting Policies to the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

Segments

The Company manages its business on the basis of one operating segment, mortgage reinsurance, in accordance with GAAP. Within the mortgage reinsurance segment, our current risks arise solely from the reinsurance of mortgage insurance policies that were placed on certain residential mortgage loans prior to the bankruptcy of Washington Mutual, Inc. (“WMI”). The majority of these policies were required by mortgage lenders as a stipulation to approve the mortgage loans. The mortgage insurance policies protect the beneficiaries of the policy from all or a portion of default-related losses.

Overview of Revenues and Expenses

Because WMIH has no current significant operations of its own, its cash flow is derived almost entirely from earnings on its investment portfolio, and payments it receives from, and dividends paid by, WMMRC. At this time, all dividends received by WMIH from WMMRC that constitute Runoff Proceeds must be distributed to holders of WMIH’s Second Lien Notes in accordance with the terms of the Second Lien Indenture as described below in this Item 2 under “Notes Payable.”

WMMRC’s revenues consist primarily of the following:

- net premiums earned on reinsurance contracts;
- positive changes to (and corresponding releases from) loss reserves; and
- net investment income and net gains (losses) on WMMRC’s investment portfolio.

WMMRC’s expenses consist primarily of the following:

- underwriting expenses; and
- general and administrative expenses.

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Results of Operations for the three months ended March 31, 2016 and March 31, 2015

For the three months ended March 31, 2016, we reported a net operating loss of $0.3 million. This compares to a net operating loss of $1.8 million for the three months ended March 31, 2015. The components that gave rise to net operating losses for the three months ended March 31, 2016 and for the three months ended March 31, 2015 are summarized in the table below under the Net (Loss) Income section. The most significant variances between the comparative three month periods ended March 31, 2016 and March 31, 2015 include (i) a reduction in revenue of approximately $0.3 million, (ii) a reduction in interest expense of $0.3 million, (iii) a net increase in underwriting expense of $0.9 million, (iv) a decrease in our general and administrative expenses of $0.9 million and (v) a reduction of the fair market value of the loss contract reserve of $1.4 million.

For the three months ended March 31, 2016, we reported net income attributable to common and participating shareholders of $51.1 million as compared to net income attributable to common and participating shareholders of $1.3 million for the three months ended March 31, 2015, respectively. This $49.8 million positive change in results when comparing the three months ended March 31, 2016 to the three months ended March 31, 2015, is primarily the result of the change in fair market value of an embedded derivative. This embedded derivative was recorded as a result of the variable conversion feature in our Series B Preferred Stock and the change in fair market value is reflected on our condensed consolidated statements of operations as the other income item “change in fair value of derivative liability - embedded conversion feature” which resulted in $55.8 million and $7.2 million of other income for the three months ended March 31, 2016 and March 31, 2015, respectively. This item is specifically attributable to a change in fair market value of the derivative liability – embedded conversion feature and is a non-cash item. The fair value of this derivative liability is analyzed each period and any change is recorded as a non-cash expense or benefit in the applicable period. The fair value of the embedded conversion feature will become additional paid in capital upon conversion of the Series B Preferred Stock, or be reduced to zero upon redemption of the Series B Preferred Stock, as the case may be. For additional details on the derivative liability – embedded conversion feature, see Note 9: Capital Stock and Note 13: Fair Value Measurement to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q. In addition to this charge, several other items had an impact on earnings for the three months ended March 31, 2016, including decreased general and administrative expenses and decreased interest expense. The interest expense decreased as a result of the significant reductions in our Runoff Note balances discussed further below. Our revenues decreased, as expected, due to the status of our primary operating subsidiary, WMMRC, operating in runoff mode and the decreasing amount of assets under trust that resulted from prior commutations. Underwriting expenses were higher on a comparative basis, primarily due to increases in Premium Deficiency Reserves in the three months ended March 31, 2016 and decreases in Premium Deficiency Reserves during the three months ended March 31, 2015 as further described below in this Item 2 under “Losses or Benefits Incurred and Losses and Loss Adjustment Expenses.”

The total revenue for the three months ended March 31, 2016 was $1.5 million, compared to revenue of $1.8 million for the same period in 2015. The decrease in revenue is attributable to WMMRC continuing to operate in runoff mode and previously consummated commutations of trust assets. In addition, because WMMRC is operating in runoff mode, we expect premiums-earned revenue to continue to decrease, as no new business is being undertaken.

Underwriting expenses or recoveries (defined as losses and loss adjustment expenses and ceding commission expenses) increased by $0.9 million to a $0.5 million expense for the three months ended March 31, 2016 compared to a benefit of $0.4 million for the three months ended March 31, 2015. This increase in expense is related to the operation of WMMRC in runoff mode and the corresponding decrease in revenues and the increase in Premium Deficiency Reserves as further described below in this Item 2 under “Losses or Benefits Incurred and Losses and Loss Adjustment Expenses.” As more fully described in Note 2: Significant Accounting Policies to the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q, due to the current condition of the mortgage insurance market, WMMRC has recorded reserves based on ceded case reserves and incurred but not recorded (“IBNR”) loss levels established and reported by the primary mortgage guaranty carriers as of each reporting period. Management believes that its estimate of aggregate liability for unpaid losses and loss adjustment expenses as of March 31, 2016, represents its best estimate, based upon the available data, of the amount necessary to cover the current cost of losses.

As of March 31, 2016, the loss contract fair market value reserve was analyzed and determined to have a fair market value of $8.3 million. The fair market value of this reserve was $9.6 million at December 31, 2015. The fair value of the loss contract reserve decreased by $1.3 million during the three months ended March 31, 2016 and remained unchanged on a comparative basis during the three months ended March 31, 2015. Consequently, there was a related reduction of expenses relating to the change in value of the loss contract fair market value reserve for the three months ended March 31, 2016 and no related reduction of expenses relating to the change in value of the loss contract fair market value reserve for the three months ended March 31, 2015. The loss contract fair market value reserve was established at a value of $63.1 million on March 19, 2012 as a result of our reorganization.

For the three months ended March 31, 2016, our investment portfolio reported net investment income of $0.7 million as compared to net investment income of $0.4 million for the same period in 2015. The components of the investment income (loss) are more fully described below in the Net Investment Income (Loss) section.

General and Administrative Expenses

For the three months ended March 31, 2016, our general and administrative expenses totaled $2.0 million, compared to general and administrative expenses totaling $3.0 million for the same period in 2015. The reduction primarily relates to the additional expenses incurred in connection with our satisfaction of post-closing covenants in the Series B Preferred Stock Financing, including the reincorporation in the state of Delaware that occurred in 2015 and which were not incurred in 2016.

Interest Expense

For the three months ended March 31, 2016, we incurred $0.7 million of interest expense on the Runoff Notes, which is further described below in this Item 2 under "Notes Payable." This compares to $1.0 million of interest expense, all of which related to the Runoff Notes, which was incurred during the same period in 2015. The interest related to Runoff Notes decreased primarily due to the reduction of Runoff Note principal balances by $1.3 million during the three months ended March 31, 2016 and by $9.5 million during the year ended December 31, 2015. As of April 27, 2015, the First Lien Notes were fully redeemed by the Company and the First Lien Indenture was satisfied and discharged. Because sufficient Runoff Proceeds have not always been available to pay accrued interest on the Runoff Notes, a portion of our obligation to pay interest on the Runoff Notes has been satisfied using the "pay-in-kind" or "PIK" feature available under the Indentures. The accrued interest is converted to PIK Notes at the next payment date if there is not sufficient cash available to satisfy the required interest payment. For the three months ended March 31, 2016, no PIK Notes were issued in satisfaction of our obligation to pay interest on the Runoff Notes and $0.7 million of interest was paid in cash. For the three months ended March 31, 2015, $0.9 million of PIK Notes were issued in satisfaction of our obligation to pay interest on the Runoff Notes and $0.1 million of interest was paid in cash.

Net (Loss) Income

Net operating loss for the three months ended March 31, 2016 totaled $0.3 million compared to net operating loss of $1.8 million for the same period in 2015. The primary factors impacting the change in net operating loss for the periods are summarized in the table below.

For the three months ended March 31, 2016 we reported net income attributable to common and participating stockholders of $51.1 million. This result compares to net income attributable to common and participating stockholders of $1.3 million for the three months ended March 31, 2015.

Three months ended March 31, 2016 versus three months ended March 31, 2015 summary of change in net operating (loss) income and net income attributable to common and participating stockholders (in thousands):

	Three months ended			
	March 31, 2016	March 31, 2015	Percentage change	Dollar value change
Net revenues	$1,500	$1,750	-14 %	$(250)
Underwriting expenses (benefit) (net)	465	(418)	-211 %	(883)
General and administrative expenses	2,029	2,973	32 %	944
Loss contract fair market value reserve change	(1,362)	—	N/A	1,362
Interest expense	693	954	27 %	261
Net operating (loss)	$(325)	$(1,759)	82 %	$1,434
	55,875	7,260	670 %	48,615

Unrealized gain on change in fair value of derivative liability - embedded conversion feature					
Redeemable convertible series B preferred stock dividends	(4,500)	(4,248)	-6	%	(252)
Net income attributable to common and participating stockholders	$51,050	$1,253	3974	%	$49,797

Comprehensive (Loss) Income

The Company has no comprehensive (loss) income other than the net (loss) income disclosed in the condensed consolidated statement of operations.

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Premiums Earned

The majority of WMMRC's reinsurance contracts require premiums to be written and earned monthly. In a few cases, the premiums earned reflect the pro rata inclusion into income of premiums written over the life of the reinsurance contracts. Details of premiums earned are provided in the following table:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Premiums assumed	$ 598	$ 1,189
Change in unearned premiums	251	160
Premiums earned	$ 849	$ 1,349

For the three months ended March 31, 2016, premiums earned totaled $0.8 million, a decrease of $0.5 million when compared to premiums earned of $1.3 million for the same period in 2015. The Company's premiums earned are expected to continue to decrease due to WMMRC operating in runoff mode.

Losses or Benefits Incurred and Losses and Loss Adjustment Expenses

Losses incurred include losses paid and changes in loss reserves, including reserves for IBNR, premium deficiency reserves net of actual and estimated loss recoverable amounts. Details of net losses or benefits incurred for the three months ended March 31, 2016 and March 31, 2015, respectively, are provided in the following table:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Losses and loss adjustment expense (benefit)	$ 387	$ (541)

We establish reserves for each contract based on estimates of the ultimate cost of all losses including losses incurred but not reported. These estimated ultimate reserves are based on reports received from ceding companies, industry data and historical experience as well as our own actuarial estimates. Quarterly, we review these estimates on a contract by contract basis and adjust the estimates as we deem necessary based on updated information and our internal actuarial estimates.

For the three months ended March 31, 2016 and 2015, the loss and benefit ratios for our business were a loss ratio of 46% and a benefit ratio of 40%, respectively. The loss or benefit ratio is calculated by dividing incurred benefit or losses for the period by earned premiums. The ratio provides a measure of underwriting profit or loss. Loss reinsurance contracts (which represent the significant majority of our loss exposure) are generally structured with limits set on the aggregate amount of losses that can be incurred over the life of such contract. Upon reaching such limits, no additional losses may be realized under the terms of the contract. Nevertheless, even when applicable contract limits are reached, revenues from premiums collected continue to be ceded for the remaining life of the contract. Beginning in 2013, a majority of WMMRC's reinsurance arrangements for the 2005 through 2008 book years reached their respective loss limits. As a result, WMMRC does not expect to incur any additional losses for those book years; however, WMMRC may continue to realize revenues from those book years, to the extent premiums are ceded therefrom.

The components of the liability for losses and loss adjustment reserves are as follows at March 31, 2016 and December 31, 2015, respectively:

	March 31, 2016	December 31, 2015
Case-basis reserves	$ 1,047	$ 4,193
IBNR reserves	4	75
Premium deficiency reserves	1,219	795
Total losses and loss adjustment reserves	$ 2,270	$ 5,063

Losses and loss adjustment reserve activity are as follows for the periods ended March 31, 2016 and December 31, 2015, respectively:

	March 31, 2016	December 31, 2015
Balance at beginning of period	$ 5,063	$ 18,947
Incurred or (released) - prior periods	387	(1,115)
Paid or terminated - prior periods	(3,180)	(12,769)
Total losses and loss adjustment reserves	$ 2,270	$ 5,063

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Net Investment Income

A summary of our net investment income for the periods ended March 31, 2016 and 2015, respectively, is as follows:

	Three months ended March 31, 2016	Three months ended March 31, 2015
Investment income:		
Amortization of premium or discount on fixed-maturity securities	$ (122)	$ (179)
Investment income on fixed-maturity securities	318	413
Interest income on cash and cash equivalents	328	57
Realized net (loss) gain from sale of investments	(4)	186
Unrealized gain (loss) on trading securities held at period end	131	(76)
Net investment income	$ 651	$ 401

Federal Income Taxes

The Company has no current tax liability due as a result of its tax loss position for periods ended March 31, 2016, March 31, 2015 and December 31, 2015. More detailed information regarding the Company's tax position including net operating loss ("NOL") carry forwards is provided in Note 6: Income Taxes to the consolidated financial statements in Item 8 of the Annual Report on Form 10-K for the year ended December 31, 2015 and in Note 5: Income Taxes to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The Company files a consolidated federal income tax return. Pursuant to a tax sharing agreement, WMMRC's federal income tax liability is calculated on a separate return basis determined by applying 35% to taxable income, in accordance with the provisions of the Internal Revenue Code (the "Code") that apply to mortgage insurance companies. WMIH, as WMMRC's parent, pays federal income taxes on behalf of WMMRC and settles the federal income tax obligation on a current basis in accordance with the tax sharing agreement. WMMRC made no tax payments to WMIH during the periods ended March 31, 2016 and December 31, 2015 associated with the Company's tax liability from the current or preceding periods.

Deferred federal income taxes arise from temporary differences between the valuation of assets and liabilities as determined for financial reporting purposes and income tax purposes. Temporary differences principally relate to discounting of loss reserves, recognition of unearned premiums, changes in fair market value of loss contract reserves and embedded derivatives, net operating losses and unrealized gains and losses on investments.

We believe WMIH experienced an ownership change under Section 382 of the Code in connection with its bankruptcy plan becoming effective. Prior to emergence from bankruptcy, WMI abandoned the stock of Washington Mutual Bank, thereby generating a worthless stock deduction of approximately $8.37 billion, which gave rise to a NOL carry forward for the year ended December 31, 2012. We believe that the total available and utilizable NOL carry forward at December 31, 2015 was approximately $6.00 billion and at March 31, 2016 we believe that there was no limit under Section 382 of the Code on the use of these NOLs. As of March 31, 2016 and December 31, 2015, the Company recorded a valuation allowance equal to 100% of the net deferred federal income tax asset due to uncertainty regarding the Company's ability to realize these benefits in the future.

Investments

General

We hold investments at both WMIH and WMMRC and the two portfolios consist entirely of fixed income instruments, excluding funds in overnight money market funds totaling $98.1 million and $99.1 million as of March 31, 2016 and December 31, 2015, respectively. In addition, at both March 31, 2016 and December 31, 2015, the Company held less than $1.0 thousand of restricted cash in the “Collateral Account” (described below in this Item 2 under “Notes Payable”) established by the Company as required under the Indentures for the benefit of the runoff noteholders. The Company held $571.7 million and $571.4 million of restricted cash from the Series B Preferred Stock Financing in its escrow account at March 31, 2016 and December 31, 2015, respectively.

The value of the consolidated Company’s total cash and investments decreased during the three months ended March 31, 2016. Cash and investments, which excludes restricted cash of $571.7 million and $571.4 million at March 31, 2016 and December 31, 2015, respectively, totaled $101.4 million and $112.7 million at March 31, 2016 and December 31, 2015, respectively. The primary factors that contributed to this decrease in investments were (i) the payment of a total of $4.5 million in Series B Preferred Stock cash dividends during the quarter ended March 31, 2016; (ii) the transfer by management of excess capital from WMMRC to reduce indebtedness; and (iii) the payment of cash for reserved losses by WMMRC.

We work with investment broker dealers and, in the case of WMMRC, collateral trustees, in determining whether a market for a financial instrument is active or inactive. We regularly obtain indicative pricing from market makers and from multiple dealers and compare the level of pricing variances as a way to observe market liquidity for certain investment securities. We also obtain trade history and live market quotations from publicly quoted sources, such as Bloomberg, for trade volume and frequency observation. While we obtain market pricing information from broker dealers, the ultimate fair value of our investments is based on portfolio statements provided by financial institutions that hold our accounts.

During the three months ended March 31, 2016 and the year ended December 31, 2015, we transferred $3.7 million and $9.9 million, respectively, of corporate securities that mature within 12 months from Level 2 to Level 1, due to improved liquidity in capital markets for those securities. Please refer to Note 4: Investment Securities to the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q, for additional information regarding our investment securities.

WMIH

WMIH's investments are valued at fair value and any unrealized gains or losses are reflected in net investment income in the condensed consolidated statements of income. WMIH primarily invests in fixed maturity securities and at March 31, 2016 and at December 31, 2015, WMIH has $63.0 million and $62.9 million, respectively, of investments in obligations of U.S. government sponsored enterprises, all of which will mature within the next 12 months. WMIH also had $0.7 million and $7.0 million of cash and cash equivalents at March 31, 2016 and December 31, 2015, respectively.

WMMRC

WMMRC's investments are valued at fair value and any unrealized gains or losses are reflected in net investment income in the condensed consolidated statements of income. At March 31, 2016, approximately 89% of WMMRC's cash and investments were held in four trusts for the benefit of primary mortgage insurers with whom WMMRC established agreements to reinsure private mortgage insurance risk. The total portfolio, excluding funds in overnight money market instruments, was valued at approximately $35.1 million and $36.2 million at March 31, 2016 and December 31, 2015, respectively. At March 31, 2016, approximately 44% of the portfolio consisted of securities that will mature within the next 12 months and the remainder of the securities will mature between one and four years from March 31, 2016. WMMRC also had $2.6 million cash and cash equivalents at March 31, 2016.

Liquidity and Capital Resources

General

WMIH is organized as a holding company with limited operations of its own. With respect to its own operations, WMIH's continuing cash needs are limited to the payment of general and administrative expenses, costs related to possible acquisitions, dividends on the Series B Preferred Stock and principal and interest payments on the "Runoff Notes" described below in this Item 2 under "Notes Payable." Interest and principal payments on the Runoff Notes are payable solely from Runoff Proceeds (as defined in the Indentures described below in this Item 2 under "Notes Payable") received by WMIH from WMMRC from time to time. Except in limited circumstances described in Note 7: Notes Payable to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, the Runoff Notes are nonrecourse to WMIH. In addition, all of our significant operations are conducted through our wholly-owned reinsurance subsidiary, WMMRC, which formerly underwrote risks associated with our mortgage reinsurance programs, but is being operated in runoff and has not written any new business since September 26, 2008. There are restrictions on WMMRC's ability to pay dividends which are described in more detail below. WMIH does not currently expect to pay dividends on its common shares.

WMIH has declared and paid $4.5 million, $3.5 million and $17.0 million of dividends on its Series B Preferred Stock during the three months ended March 31, 2016, March 31, 2015 and the year ended December 31, 2015, respectively, and has accrued an additional $0.7 million of dividends based on the 3% interest rate during each of the three months ended March 31, 2016, March 31, 2015 and the year ended December 31, 2015, respectively.

We may explore various financing alternatives to fund our external growth strategy, including improving our capital structure, which may include increasing, reducing and/or refinancing debt; pursuing capital raising activities, such as the issuance of new preferred or common equity and/or a rights offering to our existing stockholders, launching an exchange offer, and pursuing other transactions involving our outstanding securities. There can be no assurance that any such future transaction will occur or, if so, on what terms.

Liquidity Management

The objective of liquidity management is to ensure the Company has the continuing ability to maintain cash flows that are adequate to fund operations and meet obligations and other commitments on a timely and cost-effective basis. The Company establishes and maintains liquidity guidelines for WMIH as well as for WMMRC, its principal operating subsidiary. Funds held by WMMRC are not available to WMIH to satisfy its liquidity needs. Any dividend or payment by WMMRC to WMIH must be approved by the Insurance Commissioner of the State of Hawaii. In addition, all dividends paid by WMMRC to WMIH that constitute Runoff Proceeds must first be used to make payments on the Second Lien Notes as provided under the Second Lien Indenture. In light of the restrictions on dividends applicable to WMMRC, WMIH's principal sources of liquidity are its unrestricted investments, investment income derived from these investments, fees paid to WMIH by WMMRC with respect to services provided pursuant to the two services agreements approved by the Insurance Commissioner of the State of Hawaii, cash and cash equivalents on hand, and additionally, cash, cash equivalents and investments held in escrow.

Our current sources of liquidity include premium receipts, investment income, cash on hand, and approximately $571.7 million restricted cash held in escrow received by WMIH in connection with the Series B Preferred Stock Financing and investment securities. Because of the runoff nature of WMMRC's business, as discussed above, all cash available to WMMRC is primarily used to pay reinsurance losses and loss adjustment expenses, ceding commissions, interest and principal obligations on the Runoff Notes (only if WMIH is in receipt of Runoff Proceeds; otherwise WMIH pays interest using the "payment-in-kind" ("PIK") option available under the Indentures) and general and administrative expenses.

The Company monitors operating activities, forecasts liquidity needs and adjusts composition of investment securities in order to address liquidity needs. The Company currently has negative quarterly cash flows primarily due to loss expenses at WMMRC, general and administrative costs, interest payable on Second Lien Notes and dividend payments relating to the Series B Preferred Stock. As a result, the Company maintains a very high quality and short duration investment portfolio in order to match its liability profile at both levels of the consolidated organization.

WMMRC has net assets totaling $36.3 million and $37.8 million as of March 31, 2016 and December 31, 2015, respectively. These net assets are not immediately available for distribution to WMIH due to restrictions imposed by the trust arrangements referenced above, and the requirement that the Insurance Commissioner of the State of Hawaii must approve dividends from WMMRC. Distributions from WMMRC to WMIH are further restricted by the terms of the Runoff Notes described in Note 7: Notes Payable, to the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q.

Capital Structure and Management

WMIH's capital structure consists of stockholders' equity, Series B Preferred Stock proceeds held in escrow and classified as mezzanine and $20.4 million of term debt as of March 31, 2016 represented by the Second Lien Notes and governed by the terms of the Second Lien Indenture. We issued term debt of $130.0 million represented by the Runoff Notes on the Effective Date. As of March 31, 2016 this term debt has subsequently decreased by a net amount of $109.6 million as a result of principal payments totaling $128.9 million net of PIK Notes which have been issued totaling $19.4 million, resulting in a remaining principal balance equal to $20.4 million. First Lien Notes were redeemed in their entirety on April 27, 2015 and the First Lien Indenture was satisfied and discharged.

On the Effective Date, all shares of common and preferred equity securities previously issued by WMI were cancelled and extinguished. Prior to reincorporation, WMIH was authorized to issue up to 500,000,000 shares of common stock and up to 5,000,000 shares of preferred stock, each with a par value of $0.00001 per share. Upon reincorporation in Delaware, which is more fully described in Note 1: The Company and its Subsidiaries to the condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q, and pursuant to WMIH's Amended and Restated Certificate of Incorporation, WMIH is authorized to issue up to 3,500,000,000 shares of common stock and up to 10,000,000 shares of preferred stock, each with a par value of $0.00001 per share. As of March 31, 2016, 206,168,035 shares of WMIH's common stock were issued and outstanding, and 1,600,000 shares of its preferred stock were issued and outstanding.

On January 30, 2014, pursuant to an Investment Agreement, WMIH issued 1,000,000 shares of Series A Convertible Preferred Stock (the "Series A Preferred Stock") for a purchase price of $11.1 million and warrants to purchase 61,400,000 shares of WMIH's common stock. The Series A Preferred Stock has rights substantially similar to those associated with WMIH's common stock, with the exception of a liquidation preference, conversion rights and customary anti-dilution protections. The Series A Preferred Stock has a liquidation preference equal to the greater of (i) $10.00 per one million shares of Series A Preferred Stock plus declared but unpaid dividends on such shares and (ii) the amount that the holder would be entitled to in a relevant transaction had the Series A Preferred Stock been converted to common stock of WMIH. The Series A Preferred Stock is convertible at a conversion price of $1.10 per share into shares of common stock of WMIH, either at the option of the holder or automatically upon transfer by KKR Fund to a non-affiliated party. As a result of the calculation of a beneficial conversion feature as required by ASC 470, a preferred deemed dividend of $9.5 million was recorded in conjunction with the issuance of the Series A Preferred Stock. This preferred deemed dividend resulted in an increase to our accumulated deficit, and as an increase in additional paid in capital. Further, KKR Fund, as the holder of the Series A Preferred Stock and the warrants, has received other rights pursuant to the Investor Rights Agreement as more fully described in Note 9: Capital Stock, to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

On January 5, 2015, WMIH announced that it had completed the Series B Preferred Stock Financing and issued 600,000 shares of Series B Preferred Stock for aggregate gross proceeds of $600.0 million, pursuant to the Purchase Agreement with Citi and KCM (together the "Initial Purchasers").

In connection with the Series B Preferred Stock Financing, WMIH filed with the Secretary of State of Washington Articles of Amendment of Articles of Incorporation (the "Articles of Amendment") containing the Certificate of Designation creating the Series B Preferred Stock and designating the rights and preferences of the Series B Preferred Stock. Holders of shares of the Series B Preferred Stock are entitled to receive, when, as and if declared, cumulative regular dividends at an annual rate of 3% per share of the liquidation preference of $1,000 per share of Series B Preferred Stock, payable in cash. On each date that WMIH closes any Acquisition (as defined below), outstanding shares of Series B Preferred Stock having an aggregate liquidation preference equal to the net proceeds of the offering utilized in such Acquisition (as defined below), on a pro rata basis, will automatically convert into shares of WMIH's common stock. In addition, on the date WMIH closes a Qualified Acquisition (as defined below), all outstanding shares of Series B Preferred Stock will automatically convert into shares of WMIH's common stock. Each date that WMIH closes an Acquisition (including a Qualified Acquisition) will be a "Mandatory Conversion Date." "Acquisition" means any acquisition by WMIH (or any of its direct or indirect wholly-owned subsidiaries), in a single transaction or a series of transactions, whether by purchase, merger or otherwise, of all or substantially all of the assets of, all the equity interests in, or a business line, unit or division of, any person. "Qualified Acquisition" means an Acquisition that, taken together with prior Acquisitions (if any), collectively utilizes aggregate net proceeds of the offering of $450.0 million. Unless the Series B Preferred Stock has been previously repurchased at the option of a holder upon the occurrence of certain put events or mandatorily converted, WMIH will redeem all outstanding shares of Series B Preferred Stock, if any, on the Mandatory Redemption Date which is the third anniversary of January 5, 2015 (or January 5, 2018). The reincorporation of WMIH from the State of Washington to the State of Delaware resulted in the increase of the size of its Board of Directors from 7 to up to 11 members and the authorization of a number of shares of its common stock sufficient to permit the conversion of all shares of Series B Preferred Stock (collectively, the "Reincorporation").

On January 5, 2015, in connection with the Series B Preferred Stock Financing and pursuant to the Purchase Agreement, WMIH entered into:

a Registration Rights Agreement with the Initial Purchasers (the "Registration Rights Agreement"), pursuant to which WMIH has agreed that, subject to certain conditions, WMIH will use its reasonable efforts to (i) file a shelf registration statement covering resales of its common stock issuable upon mandatory conversion of the Series B Preferred Stock no later than six months after January 5, 2015 (the "Issue Date"), (ii) file a shelf registration statement covering resales of the Series B Preferred Stock no later than one year after the Issue Date, and (iii) cause each of these shelf registration statements to be declared effective under the Securities Act. On July 1, 2015, WMIH filed a shelf registration statement (the “Initial Registration Statement”) covering resales of Series B Preferred Stock and WMIH’s common stock issuable upon mandatory conversion of the Series B Preferred Stock. On November 23, 2015, WMIH amended the Initial Registration Statement to cover (i) WMIH’s common stock issuable upon conversion of the Series A Preferred Stock and shares of WMIH’s common stock issuable upon the exercise of warrants issued in connection with the issuance of WMIH’s Series A Preferred Stock currently outstanding (as amended, the “Registration Statement”). The Registration Statement was declared effective under the Securities Act on November 25, 2015.

an Escrow Agreement (the "Escrow Agreement") with Citibank, N.A., as Escrow Agent (the "Escrow Agent"), pursuant to which WMIH caused to be deposited with the Escrow Agent the amount of $598,500,000, representing the net proceeds of the Series B Preferred Stock Financing less offering fees payable on the Issue Date but before payment of other offering fees and expenses (including fees contingent upon future events). These net proceeds will be released from escrow from time to time to WMIH as instructed by WMIH in amounts necessary to (i) pay certain fees related to the Series B Preferred Stock Financing that may become payable to the Initial Purchasers, (ii) finance WMIH's efforts to explore and/or fund, in whole or in part, acquisitions, whether completed or not, including reasonable attorney fees and expenses, accounting expenses, due diligence and financial advisor fees and expenses, (iii) pay certain amounts that may become payable to the holders of the Series B Preferred Stock upon the occurrence of certain put events, (iv) pay certain amounts that would become payable to the holders of the Series B Preferred Stock upon a mandatory redemption of the Series B Preferred Stock, and (v) pay certain expenses related to the Series B Preferred Stock Financing. The entire net proceeds will be released from escrow as instructed by WMIH upon a Qualified Acquisition (as defined in the Escrow Agreement).

The foregoing transactions pertaining to the Series A Preferred Stock and Series B Preferred Stock are more fully described in Note 9: Capital Stock, to the condensed consolidated financial statements in Item 1 of this Quarterly Report on Form 10-Q

WMIH may, subject to market conditions, and the limitations set forth in the Second Lien Indenture (described below), determine to incur additional indebtedness or raise additional equity capital in connection with undertaking one or more acquisitions.

While WMIH is not subject to regulatory capital requirements, WMMRC is required to comply with various solvency and liquidity requirements pursuant to the insurance laws of the State of Hawaii. WMMRC is required to maintain minimum capital and surplus requirements of an amount established under applicable Hawaii law and deemed appropriate by the Insurance Commissioner of the State of Hawaii. As of March 31, 2016, management believes that WMMRC is compliant with applicable statutory solvency, liquidity and minimum capital and surplus requirements. The payment of dividends by WMMRC is subject to statutory restrictions imposed by Hawaii insurance laws and regulations and requires approval from the Insurance Commissioner of the State of Hawaii. In addition, the Second Lien Indenture imposes restrictions on WMMRC business activities. During the three months ended March 31, 2016 and the year ended December 31, 2015, WMMRC paid $2.0 million and $19.9 million in dividends to WMIH which were deposited into the Collateral Account (as defined below) and were distributed in accordance with the Indentures.

On the Effective Date, WMI and WMIIC (together, the "Debtors") (and now the WMI Liquidating Trust (the "Trust") on behalf of the Debtors) continued to dispute whether the interests of certain former holders of "Equity Interests" or "Claims" (in each case as those terms are defined in the Plan) against the Debtors should be allowed. As a result, pursuant to the Plan, on the Effective Date, a "Disputed Equity Escrow" (as defined in the Plan) was created for the benefit of each holder of a "Disputed Equity Interest" (as defined in the Plan). Such Disputed Equity Escrow was created to hold shares of WMIH's common stock (as well as any dividends, gains or income attributable in respect of such common stock) allocable, on a pro rata basis, to each holder of such a Disputed Equity Interest if and when such Disputed Equity Interest becomes an "Allowed Equity Interest" (as such term is defined in the Plan). All such Equity Interests will constitute Disputed Equity Interests pursuant to the Plan until such time, or from time to time, as each Disputed Equity Interest has been compromised and settled or allowed or disallowed by a final order of the bankruptcy court.

The liquidating trustee of the Trust, William Kosturos (the "Liquidating Trustee"), acts as escrow agent with respect to the Disputed Equity Escrow. Until such time as all of WMIH's common stock has been distributed from the Disputed Equity Escrow in accordance with the Plan (e.g., as a result of all "Disputed Equity Claims" (as such term is defined in the Plan) becoming Allowed Equity Interests or all Disputed Equity Claims being disallowed), the Liquidating Trustee is vested with the authority to exercise voting or consent rights with respect to such stock; provided, however, that the Liquidating Trustee is obligated to vote or consent, as the case may be, as to such stock in the same proportion as all other holders of WMIH's common stock have voted or consented, in each case on an issue-by-issue basis. The Trust has no right to or entitlement in any shares of WMIH's common stock held in the Disputed Equity Escrow. Additionally, WMIH does not have any right to, or interest in, any shares of its common stock held by the Disputed Equity Escrow.

Notes Payable

On the Effective Date, WMIH issued $110.0 million aggregate principal amount of its 13% Senior First Lien Notes due 2030 (the "First Lien Notes") under an indenture, dated as of March 19, 2012 (the "First Lien Indenture"), between WMIH and Wilmington Trust, National Association, as Trustee. In addition, WMIH issued $20.0 million aggregate principal amount of its 13% Senior Second Lien Notes due 2030 (the "Second Lien Notes" and, together with the First Lien Notes, the "Runoff Notes") under an indenture, dated as of March 19, 2012 (the "Second Lien Indenture" and, together with the First Lien Indenture, the "Indentures"), between WMIH and Law Debenture Trust Company of New York, as Trustee. The Runoff Notes are scheduled to mature on March 19, 2030 and pay interest quarterly.

The Runoff Notes are secured by, and have a specified priority in right of payment in, (a) a securities or deposit account into which WMIH will deposit distributions it receives from WMMRC of Runoff Proceeds (as defined in the Indentures) (the "Collateral Account") and (b) the equity interests in, and assets of, either WMMRC, or such other entity as holds (or may hold in the future) WMMRC's existing portfolio of assets, to the extent a lien has been granted therein (with any such lien subject to regulatory approval). No such regulatory approval has been obtained as of the date of this Quarterly Report on Form 10-Q.

WMIH will, and has agreed to cause WMMRC to, deposit all distributions, dividends or other receipts in respect of Runoff Proceeds Distributions (as defined in the Indentures) on the date paid to WMIH in the Collateral Account established in accordance with the terms of the Indentures. On any interest payment date, payments are made from the Collateral Account and from any other Runoff Proceeds Distributions in the priority set forth in the Indentures. Generally, under the Indentures payments are required to be made first to the Trustees for any fees and expenses, then to WMIH for an amount equal to the Issuer Priority Amount (as defined in the Indentures), then to the holders of the First Lien Notes for interest and principal, then to WMIH for an amount equal to the Issuer Secondary Amount (as defined in the Second Lien Indenture), and lastly to the holders of the Second Lien Notes for interest and principal. After payment in full of all interest and principal to the holders of the First Lien Notes and Second Lien Notes, all amounts on deposit in the Collateral Account and any other Runoff Proceeds will be paid to WMIH. As of March 31, 2016, the Issuer Priority Amount, the First Lien Runoff Notes, and the Issuer Secondary Amount have been paid in full and the First Lien Indenture has been discharged and satisfied. The obligations created by the Runoff Notes are nonrecourse to WMIH except for certain actions for specific performance and in certain limited circumstances as more fully described in Section 7.16 of the Indentures with respect to Runoff Proceeds Distributions in the Collateral Account or for failure to comply with certain specified covenants relating to (i) the deposit of Runoff Proceeds in the Collateral Account, (ii) payment of Runoff Proceeds in the Collateral Account in accordance with the order of priority established in the Indentures, (iii) failure to seek to obtain the appropriate regulatory approval to permit the dividend of Runoff Proceeds to WMIH and (iv) the failure to cause WMMRC to deposit Runoff Proceeds into a segregated account.

In connection with certain interest payments due and payable in respect of the First and Second Lien Notes, WMIH elected, consistent with the terms of the Indentures, to issue PIK Notes (as defined in the Indentures) in lieu of making such interest payment in cash when no cash was available. The aggregate face amount of PIK Notes issued as of March 31, 2016 and December 31, 2015 totaled approximately $19.4 million at the end of both periods. Total outstanding principal amounts under these notes totaled approximately $20.4 million and $21.7 million as of March 31, 2016 and December 31, 2015, respectively. Approximately $1.3 million and $9.5 million of Runoff Note principal was paid during the three months ended March 31, 2016 and during the year ended December 31, 2015, respectively. As of both March 31, 2016 and December 31, 2015, the Collateral Account contained less than $1.0 thousand of cash received from WMMRC which was or will be ultimately used for administrative expenses and interest and principal payments on the Runoff Notes in accordance with the Indentures.

Contractual Obligations, Commitments and Contingencies

WMMRC has engaged a Hawaiian-based service provider, Marsh Management Services Inc., to provide accounting and related management services for its operations. In exchange for performing these services, WMMRC pays such service provider a management fee.

On March 19, 2012, WMIH entered into an Investment Management Agreement with WMMRC. Under the terms of this agreement, WMIH receives a fee from WMMRC equal to the product of (x) the ending dollar amount of assets under management during the calendar month in question and (y) .002 divided by 12. WMIH is responsible for investing the funds of WMMRC based on applicable investment criteria and subject to rules and regulations to which WMMRC is subject. The Investment Management Agreement has been approved by the Insurance Commissioner of the State of Hawaii.

On March 19, 2012, WMIH entered into an Administrative Services Agreement with WMMRC. Under the terms of this agreement, WMIH receives from WMMRC a fee of $110 thousand per month. WMIH is responsible for providing administrative services to support, among other things, supervision, governance, financial administration and reporting, risk management and claims management as may be necessary, together with such other general or specific administrative services that may be reasonably required or requested by WMMRC in the ordinary course of its business. The Administrative Services Agreement has been approved by the Insurance Commissioner of the State of Hawaii.

Total amounts incurred under the Investment Management Agreement and Administration Services Agreement totaled $0.3 million and $0.4 million for the three months ended March 31, 2016 and 2015, respectively. The expense and related income eliminate on consolidation.

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On March 22, 2012, WMIH and the Trust entered into a Transition Services Agreement (the "TSA"). Pursuant to the TSA, the Trust makes available certain services and employees to the Company. The TSA provided the Company with office space (prior to the Company entering into its own lease) for its current employees and continues to provide basic infrastructure and support services to facilitate the Company's operations. The TSA as amended, extends the term of the agreement through July 31, 2016, with automatic renewals thereafter for successive additional three-month terms, subject to non-renewal at the end of any additional term upon written notice by either party at least 30 days prior to the expiration of the additional term.

In connection with implementing the Plan, certain holders of specified "Allowed Claims" had the right to elect to receive such holder's "Pro Rata Share of the Common Stock Allotment." Essentially, the Plan defines the "Pro Rata Share of the Common Stock Allotment" as a pro rata share of ten million (10,000,000) shares of WMIH's common stock (i.e. five percent (5%)) issued and outstanding on the Effective Date. Holders exercising the foregoing election did so in lieu of receiving (i) 50% of such holder's interest in and to certain litigation proceeds that could be realized by the Trust on account of certain claims and causes of action asserted by the Trust as contemplated by the Plan ("Litigation Proceeds"), and (ii) some or all of the Runoff Notes to which such holder may be entitled (if such holder elected to receive Runoff Notes in accordance with the terms of the Plan).

If a holder exercised the election described above and, as a result of such election, received shares of WMIH's common stock, then such holder's share of Runoff Notes to which the election was effective (i.e., One Dollar ($1.00) of original principal amount of Runoff Notes for each share of WMIH's common stock) were not issued. In addition, as a result of making the aforementioned election, such holders conveyed to WMIH, and WMIH retained an economic interest in Litigation Proceeds, if any, recovered by the Trust in connection with certain litigation brought by the Trust as contemplated by the Plan. Distributions, if any, to WMIH on account of the foregoing will be effected in accordance with the Plan and the court order confirming the Plan.

On or about October 14, 2014, the Trust filed a lawsuit in King County Superior Court in the State of Washington against 16 former directors and officers of WMI (the "D&O Litigation"). The Trust's complaint alleged, among other things, that the defendants named therein breached their fiduciary duties to WMI and committed corporate waste and fraud by squandering WMI's financial resources. In connection with the settlement of the D&O Litigation, during the year ended December 31, 2015, among the Trust, certain former directors and officers of WMI and certain insurance carriers that underwrote director and officer liability insurance policies for the benefit of WMI and its affiliates (including such former directors and officers), such insurance carriers agreed to pay the Trust $37.0 million, of which $3.0 million would be placed into a segregated reserve account (the "RSA Reserve") to be administered by a third party pursuant to the terms of a Reserve Settlement Agreement (the "RSA").

During the year ended December 31, 2015, WMIH had other income of $7.8 million as a result of its receipt of net Litigation Proceeds related to the D&O Litigation. As of March 31, 2016, $2.5 million remains in the RSA Reserve. Under the RSA, funds are released from the RSA Reserve to the Trust if and when certain designated conditions are satisfied. If and when these funds are released to the Trust, and to the extent the WMIH is entitled to receive such funds in accordance with the Plan, it is anticipated the Trust will make payments to WMIH in an amount equal to WMIH's share of Litigation Proceeds as provided under the Plan. Due to the contingent nature of future distributions from the RSA Reserve, there can be no assurance that WMIH will receive any distributions from the remaining balance in the RSA Reserve in the future.

As of March 31, 2016, WMIH has not received any Litigation Proceeds, other than as described above, and there can be no assurance that WMIH will receive any distributions on account of Litigation Proceeds in the future.

As a member of the Litigation Subcommittee of the Trust, Mr. Willingham, who serves as a WMIH Board member and Chairman of the WMIH Audit Committee, participates in overseeing the prosecution of recovery claims by the Trust.

As a result of the Company's reorganization in bankruptcy an intangible asset was identified related to reinsurance contracts which were held by WMMRC. The contracts were evaluated to determine whether the value attributable to such contracts was either above market or in a loss contract position. After taking such evaluation into consideration, a loss contract fair market value reserve totaling $63.1 million was recorded on the Effective Date. The Company adopted the fair value option relative to this reserve. The reserve will be evaluated at each reporting date for changes to its value. As of March 31, 2016 and December 31, 2015 the loss contract fair market value reserve was analyzed and determined to have a fair market value of $8.3 million and $9.6 million, respectively. The fair market value of this reserve decreased by $1.3 million during the three months ended March 31, 2016 and remained unchanged during the three months ended March 31, 2015. The fair market value of this reserve will ultimately be reduced to zero, therefore it will improve operating results in future periods as it will reduce future expenses. For additional information see Note 2: Significant Accounting Policies in Item 1 of this Quarterly Report on Form 10-Q.

As of January 30, 2014, pursuant to the terms and conditions of the Investment Agreement, WMIH sold to KKR Fund 1,000,000 shares of Series A Preferred Stock, having the terms, rights, obligations and preferences contained in the Certificate of Incorporation, for a purchase price equal to $11.1 million and issued to KKR Fund warrants to purchase, in the aggregate, 61.4 million shares of WMIH's common stock, 30.7 million of which have an exercise price of $1.32 per share and 30.7 million of which have an exercise price of $1.43 per share (together, the "Warrants"). KKR Fund's rights as a holder of the Series A Preferred Stock and the Warrants, and the rights of any subsequent holder that is an affiliate of KKR Fund (together with KKR Fund, the "Holders") are governed by the Investor Rights Agreement. Pursuant to the Investor Rights Agreement, for so long as the Holders own 50% of the Series A Preferred Stock issued as of January 30, 2014 (or the underlying common stock of WMIH), the Holders will have the right to appoint two of the nine directors that currently comprise the Board. Additionally, until January 30, 2017, and subject to certain limitations, the Holders will have the right to purchase up to 50% of any future equity rights offerings or other equity issuance by WMIH on the same terms as the equity issued to other investors in such transactions, in an aggregate amount of such offerings and issuances by WMIH of up to $1.0 billion. The Investor Rights Agreement also provides the Holders with registration rights, including three long form demand registration rights, unlimited short form demand registration rights and customary piggyback registration rights with respect to WMIH's common stock (and WMIH's common stock underlying the Series A Preferred Stock and the Warrants), subject to certain minimum thresholds, customary blackout periods and lockups of 180 days. On July 1, 2015, WMIH filed the Initial Registration Statement covering resales of Series B Preferred Stock and WMIH's common stock issuable upon mandatory conversion of the Series B Preferred Stock. On November 23, 2015, WMIH amended the Initial Registration Statement to cover WMIH's common stock issuable upon conversion of the Series A Preferred Stock and shares of WMIH's common stock issuable upon exercise of warrants issued in connection with the issuance of our Series A Preferred Stock currently outstanding. The Registration Statement was declared effective under the Securities Act on November 25, 2015; moreover, for as long as the Holders beneficially own any shares of common stock of WMIH or Series A Preferred Stock or any of the Warrants, WMIH has agreed to provide customary Rule 144A information rights, to provide the Holders with regular audited and unaudited financial statements and to allow the Holders or their representatives to inspect WMIH's books and records. For further information on the Investment Agreement and the Investor Rights Agreement, see Note 8: Financing Arrangements, and Note 9: Capital Stock, to our condensed consolidated financial statements in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In conjunction with the Series B Preferred Stock Financing, the Company is contractually committed to make certain fee payments if future events occur. These fees are recorded and presented on our condensed consolidated balance sheets as other liabilities. The total balance of $14.0 million of other liabilities is comprised of $12.3 million of accrued fees relating to the Series B Preferred Stock Financing, an accrual for professional fees currently payable of approximately $1.0 million, $0.7 million of accrued dividends relating to the Series B Preferred Stock and several small accruals for recurring business expenses.

Off-Balance Sheet Financing Arrangements

We have no obligations, assets or liabilities which would be considered off-balance sheet arrangements. We do not participate in transactions that create relationships with unconsolidated entities or financial partnerships, often referred to as variable interest entities, which would have been established for the purpose of facilitating off-balance sheet arrangements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.
We are principally exposed to three types of market risk:

- interest rate risk;
- credit risk; and
- liquidity risk.

There have been no material changes to our market risks as disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015.

Item 4. Controls and Procedures.
Evaluation of disclosure controls and procedures.

Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer, and Interim Chief Financial Officer, the effectiveness of the disclosure controls and procedures of the Company as of March 31, 2016. Based on that evaluation, our Chief Executive Officer and Interim Chief Financial Officer have concluded that, as of March 31, 2016, the disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) were effective in ensuring that information required to be disclosed by the Company in reports the Company files or submits under the Exchange Act:

(1) is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission rules and forms, and

(2) is accumulated and communicated to the Company’s management, including the Company’s principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There was no change in the Company’s internal control over financial reporting (as that term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during its 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.
As of March 31, 2016, the Company was not a party to, or aware of, any pending legal proceedings or investigations requiring disclosure at this time.

Item 1A. Risk Factors.
In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in “Part I-Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015. There have been no material changes in our risk factors from those disclosed in such Annual Report.

Item 6. Exhibits
The following exhibits are filed or incorporated by reference as part of this Quarterly Report on Form 10-Q.

Exhibit Number	Exhibit Description	Incorporated by reference Form	Exhibit	Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of WMIH Corp.	8-K12G3	3.1	5/13/15	
3.2	Amended and Restated Bylaws of WMIH Corp.	8-K12G3	3.2	5/13/15	
12.1	Statement RE: Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Dividends				X
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				X
32.1	Certifications of the Chief Executive Officer and the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				X
101.INS	XBRL Instance Document.				X
101.SCH	XBRL Taxonomy Extension Schema Document.				X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.				X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.				X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.				X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.				X

SIGNATURES

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.

	WMIH CORP. (Registrant)	
Dated: May 6, 2016	By:	/s/ William C. Gallagher
	Name:	William C. Gallagher
	Title:	Chief Executive Officer
Dated: May 6, 2016	By:	/s/ Timothy F. Jaeger
	Name:	Timothy F. Jaeger
	Title:	Interim Chief Financial Officer

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;">

Fixed

$
28,981

8.25
%

$
2,642

10/1/14

$
28,758

Any Time
Boulevard Shops(50.0%)(19)

Floating

10,133

2.05
%

389

12/16/18

9,133

Any Time
Broadway Plaza(50.0%)(16)

Fixed

69,486

6.12
%

5,460

8/15/15

67,443

Any Time
Corte Madera, The Village at(50.1%)

Fixed

38,287

7.27
%

3,265

11/1/16

36,696

Any Time
Estrella Falls, The Market at(39.7%)(20)

Floating

13,310

3.13
%

388

6/1/15

13,310

Any Time
Inland Center(50.0%)(21)

Floating

25,000

3.42
%

793

4/1/16

25,000

Any Time
Kierland Commons(50.0%)(22)

Floating

67,500

2.26

%

1,394

1/2/18

64,502

Any Time
Lakewood Center(51.0%)

Fixed

127,500

5.43
%

6,899

6/1/15

127,500

Any Time
Los Cerritos Center(51.0%)(7)

Fixed

98,015

4.50
%

6,173

7/1/18

89,057

Any Time
North Bridge, The Shops at(50.0%)(16)

Fixed

97,632

7.52
%

8,601

6/15/16

94,258

Any Time
Queens Center(51.0%)

Fixed

306,000

3.65
%

10,670

1/1/25

306,000

1/29/15
Scottsdale Fashion Square(50.0%)(23)

Fixed

258,953

3.02
%

13,281

4/3/23

201,331

4/11/15
Stonewood Center(51.0%)

Fixed

54,149

4.67
%

3,918

11/1/17

48,180

Any Time
Tysons Corner Center(50.0%)(24)

Fixed

423,190

4.13
%

24,643

1/1/24

333,233

Any Time
Washington Square(51.0%)

Fixed

118,815

6.04
%

9,173

1/1/16

114,482

Any Time
West Acres(19.0%)

Fixed

11,340

6.41
%

1,069

10/1/16

10,315

Any Time
Wilshire Boulevard(30.0%)

Fixed

1,648

6.35
%

153

1/1/33

—

Any Time

$
1,749,939

---

(1) The mortgage notes payable balances include the unamortized debt premiums (discounts). Debt premiums (discounts) represent the excess (deficiency) of the fair value of debt over (under) the principal value of debt assumed in various acquisitions. The debt premiums (discounts) are being amortized into interest expense over the term of the related debt in a manner which approximates the effective interest method.

The debt premiums (discounts) as of December 31, 2013 consisted of the following:

Consolidated Centers	
Property Pledged as Collateral	
Arrowhead Towne Center	$14,642
Camelback Colonnade	2,120
Deptford Mall	(14)
Fashion Outlets of Niagara Falls USA	6,342
Superstition Springs Center	895
Valley Mall	(219)
	$23,766
Unconsolidated Joint Venture Centers (at Company's Pro Rata Share)	
Property Pledged as Collateral	
Wilshire Boulevard	(100)
	$(100)

(2) The interest rate disclosed represents the effective interest rate, including the debt premiums (discounts) and deferred finance costs.

(3) The annual debt service represents the annual 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) On September 17, 2013, the Company obtained control of the consolidated joint venture as a result of the Camelback Colonnade Restructuring (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions"). The loan on the property bears interest at an effective rate of 2.16% and matures on October 12, 2015.

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(6) A 49.9% interest in the loan has been assumed by a third party in connection with a co-venture arrangement.

(7) Northwestern Mutual Life ("NML") is the lender of 50% of the loan. NML is considered a related party as it is a joint venture partner with the Company in Broadway Plaza.

(8) The construction loan on the property allows for borrowings of up to $140,000, bears interest at LIBOR plus 2.50% and matures on March 5, 2017, including extension options.

(9) On June 4, 2013, the loan was paid off in full, which resulted in a gain of $2,791 on the early extinguishment of debt. On November 8, 2013, the Company placed a new $268,000 loan on the property that bears interest at an effective rate of 3.90% and matures on January 5, 2021.

(10) The loan's original maturity date was December 1, 2013. Accordingly, the loan was in maturity default subsequent to that date. As a result, the Company accrued default interest on the loan at a rate of 4% in addition to the effective rate of interest of 5.19%. In February 2014, the Company reached an agreement with the lender to extend the loan to January 1, 2015 and waive the default interest.

(11) On January 24, 2013, in connection with the Company's acquisition of Green Acres Mall (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions"), the Company placed a new loan on the property that allowed for borrowings of up to $325,000, bears interest at an effective interest rate of 3.61% and matures on February 3, 2021. Concurrent with the acquisition, the Company borrowed $100,000 on the loan. On January 31, 2013, the Company exercised its option to borrow the remaining $225,000 on the loan.

(12) On January 3, 2013, the Company exercised its option to borrow an additional $146,000 on the loan.

(13) The loan bears interest at LIBOR plus 2.25% and matures on March 1, 2017.

(14) On May 30, 2013, the consolidated joint venture replaced the existing loan on the property with a new $138,000 loan that bears interest at an effective rate of 3.14% and matures on June 1, 2019.

(15) On October 24, 2013, the Company purchased the 33.3% interest in Superstition Springs Center that it did not own (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions"). In connection with the acquisition, the Company assumed the loan on the property with a fair value of $68,448 that bears interest at an effective rate of 2.00% and matures on October 28, 2016.

(16) NML is the lender on this loan.

(17) The loan bears interest at LIBOR plus 2.25% and matures on November 6, 2014.

(18) On April 30, 2013, the existing loan on Vintage Faire Mall was paid off in full, resulting in a loss of $853 on the early extinguishment of debt. Concurrently, the existing loan on South Towne Center was transferred to Vintage Faire Mall. An additional $15,200 was borrowed on the loan on Vintage Faire Mall that bears interest at an effective rate of 2.91% and matures on November 5, 2015.

(19) On September 3, 2013, the joint venture modified and extended the loan on the property to bear interest at LIBOR plus 1.75% and to mature on December 16, 2018, including extension options.

(20) The loan bears interest at LIBOR plus 2.75% and matures on June 1, 2015.

(21) The loan bears interest at LIBOR plus 3.0% and matures on April 1, 2016.

(22) On January 2, 2013, the joint venture replaced the existing loan on the property with a new $135,000 loan that bears interest at LIBOR plus 1.90% and matures on January 2, 2018.

(23) On March 6, 2013, the joint venture replaced the existing loan on the property with a new $525,000 loan that bears interest at an effective rate of 3.02% and matures on April 3, 2023.

(24) On August 30, 2013, the joint venture replaced the existing loan on the property with a new $850,000 loan on the property that bears interest at an effective rate of 4.13% and matures on January 1, 2024. NML is the lender of 33.3% of the loan.

ITEM 3. LEGAL PROCEEDINGS

None of the Company, the Operating Partnership, the Management Companies or their respective affiliates is currently involved in any material legal proceedings.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Company is listed and traded on the New York Stock Exchange under the symbol "MAC". The common stock began trading on March 10, 1994 at a price of $19 per share. In 2013, the Company's shares traded at a high of $72.19 and a low of $55.13.

As of February 18, 2014, there were approximately 563 stockholders of record. The following table shows high and low sales prices per share of common stock during each quarter in 2013 and 2012 and dividends per share of common stock declared and paid by quarter:

	Market Quotation Per Share		Dividends
Quarter Ended	High	Low	Declared/Paid
March 31, 2013	$64.47	$57.66	$0.58
June 30, 2013	$72.19	$56.68	$0.58
September 30, 2013	$66.12	$55.19	$0.58
December 31, 2013	$60.76	$55.13	$0.62
March 31, 2012	$58.08	$49.67	$0.55
June 30, 2012	$62.83	$54.37	$0.55
September 30, 2012	$61.80	$56.02	$0.55
December 31, 2012	$60.03	$54.32	$0.58

To maintain its qualification as a REIT, the Company is required each year to distribute to stockholders at least 90% of its net taxable income after certain adjustments. The Company paid all of its 2013 and 2012 quarterly dividends in cash. The timing, amount and composition of future dividends will be determined in the sole discretion of the Company's board of directors and will depend on actual and projected cash flow, financial condition, funds from operations, earnings, capital requirements, annual REIT distribution requirements, contractual prohibitions or other restrictions, applicable law and such other factors as the board of directors deems relevant. For example, under the Company's existing financing arrangements, the Company may pay cash dividends and make other distributions based on a formula derived from funds from operations (See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO")") and only if no default under the financing agreements has occurred, unless, under certain circumstances, payment of the distribution is necessary to enable the Company to continue to qualify as a REIT under the Code.

Stock Performance Graph

The following graph provides a comparison, from December 31, 2008 through December 31, 2013, of the yearly percentage change in the cumulative total stockholder return (assuming reinvestment of dividends) of the Company, the Standard & Poor's ("S&P") 500 Index, the S&P Midcap 400 Index and the FTSE NAREIT All Equity REITs Index, an industry index of publicly-traded REITs (including the Company). The Company was added to the S&P 500 Index on May 8, 2013 and was previously part of the S&P Midcap 400 Index. The Company is, therefore, providing information on both indices.

The graph assumes that the value of the investment in each of the Company's common stock and the indices was $100 at the close of the market on December 31, 2008.

Upon written request directed to the Secretary of the Company, the Company will provide any stockholder with a list of the REITs included in the FTSE NAREIT All Equity REITs Index. The historical information set forth below is not necessarily indicative of future performance.

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Data for the FTSE NAREIT All Equity REITs Index, the S&P 500 Index and the S&P Midcap 400 Index were provided by Research Data Group.

	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
The Macerich Company	$100.00	$228.80	$318.44	$354.29	$424.26	$445.48
S&P 500 Index	100.00	126.46	145.51	148.59	172.37	228.19
S&P Midcap 400 Index	100.00	137.38	173.98	170.96	201.53	269.04
FTSE NAREIT All Equity REITs Index	100.00	127.99	163.78	177.36	209.39	214.56

Recent Sales of Unregistered Securities
None.
Issuer Repurchases of Equity Securities
None.

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ITEM 6. SELECTED FINANCIAL DATA

The following sets forth selected financial data for the Company on a historical basis. The following data should be read in conjunction with the consolidated financial statements (and the notes thereto) of the Company and "Management's Discussion and Analysis of Financial Condition and Results of Operations," each included elsewhere in this Form 10-K. All amounts are in thousands, except per share data.

	Years Ended December 31,				
	2013	2012	2011	2010	2009
OPERATING DATA:					
Revenues:					
Minimum rents(1)	$578,113	$447,321	$381,274	$345,862	$395,123
Percentage rents	23,156	21,388	16,818	14,424	12,959
Tenant recoveries	337,772	247,593	215,872	201,344	200,972
Management Companies	40,192	41,235	40,404	42,895	40,757
Other	50,242	39,980	30,376	26,452	25,251
Total revenues	1,029,475	797,517	684,744	630,977	675,062
Shopping center and operating expenses	329,795	251,923	213,832	195,608	201,134
Management Companies' operating expenses	93,461	85,610	86,587	90,414	79,305
REIT general and administrative expenses	27,772	20,412	21,113	20,703	25,933
Depreciation and amortization	357,165	277,621	227,980	203,574	200,870
Interest expense	197,247	164,392	167,249	178,181	227,103
(Gain) loss on extinguishment of debt, net(2)	(1,432)	—	1,485	(3,661)	(29,161)
Total expenses	1,004,008	799,958	718,246	684,819	705,184
Equity in income of unconsolidated joint ventures(3)	167,580	79,281	294,677	79,529	68,160
Co-venture expense(4)	(8,864)	(6,523)	(5,806)	(6,193)	(2,262)
Income tax benefit(5)	1,692	4,159	6,110	9,202	4,761
(Loss) gain on remeasurement, sale or write down of assets, net	(26,852)	228,690	(22,037)	495	161,249
Income from continuing operations	159,023	303,166	239,442	29,191	201,786
Discontinued operations:(6)					
Gain (loss) on disposition of assets, net	286,414	50,811	(67,333)	(21)	(39,483)
Income (loss) from discontinued operations	3,522	12,412	(3,034)	(750)	(23,053)
Total income (loss) from discontinued operations	289,936	63,223	(70,367)	(771)	(62,536)
Net income	448,959	366,389	169,075	28,420	139,250
Less net income attributable to noncontrolling interests	28,869	28,963	12,209	3,230	18,508
Net income attributable to the Company	$420,090	$337,426	$156,866	$25,190	$120,742
Earnings per common share ("EPS") attributable to the Company—basic:					
Income from continuing operations	$1.07	$2.07	$1.67	$0.20	$2.12
Discontinued operations	1.94	0.44	(0.49)	(0.01)	(0.67)
Net income attributable to common stockholders	$3.01	$2.51	$1.18	$0.19	$1.45
EPS attributable to the Company—diluted:(7)(8)					
Income from continuing operations	$1.06	$2.07	$1.67	$0.20	$2.12
Discontinued operations	1.94	0.44	(0.49)	(0.01)	(0.67)
	$3.00	$2.51	$1.18	$0.19	$1.45

Net income attributable to common stockholders

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	As of December 31, 2013	2012	2011	2010	2009
BALANCE SHEET DATA:					
Investment in real estate (before accumulated depreciation)	$9,181,338	$9,012,706	$7,489,735	$6,908,507	$6,697,259
Total assets	$9,075,250	$9,311,209	$7,938,549	$7,645,010	$7,252,471
Total mortgage and notes payable	$4,582,727	$5,261,370	$4,206,074	$3,892,070	$4,531,634
Redeemable noncontrolling interests	$—	$—	$—	$11,366	$20,591
Equity(9)	$3,718,717	$3,416,251	$3,164,651	$3,187,996	$2,128,466
OTHER DATA:					
Funds from operations ("FFO")—diluted(10)	$527,574	$577,862	$399,559	$351,308	$380,043
Cash flows provided by (used in):					
Operating activities	$422,035	$351,296	$237,285	$200,435	$120,890
Investing activities	$271,867	$(963,374)	$(212,086)	$(142,172)	$302,356
Financing activities	$(689,980)	$610,623	$(403,596)	$294,127	$(396,520)
Number of Centers at year end	64	70	79	84	86
Regional Shopping Centers portfolio occupancy(11)	94.6%	93.8%	92.7%	93.1%	91.3%
Regional Shopping Centers portfolio sales per square foot(12)	$562	$517	$489	$433	$407
Weighted average number of shares outstanding—EPS basic	139,598	134,067	131,628	120,346	81,226
Weighted average number of shares outstanding—EPS diluted(8)	139,680	134,148	131,628	120,346	81,226
Distributions declared per common share	$2.36	$2.23	$2.05	$2.10	$2.60

(1) Minimum rents were increased by amortization of above and below-market leases of $6.6 million, $5.2 million, $9.3 million, $7.1 million and $9.0 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively.

(2) The Company repurchased $180.3 million, $18.5 million and $89.1 million of its convertible senior notes (the "Senior Notes") during the years ended December 31, 2011, 2010 and 2009, respectively, that resulted in (loss) gain of $(1.5) million, $(0.5) million and $29.8 million on the extinguishment of debt for the years ended December 31, 2011, 2010 and 2009, respectively. The gain (loss) on extinguishment of debt, net for the years ended December 31, 2013 and 2010 also includes the gain on the extinguishment of mortgage notes payable of $1.4 million and $4.2 million, respectively.

(3) On July 30, 2009, the Company sold a 49% ownership interest in Queens Center, a 971,000 square foot regional shopping center in Queens, New York, to a third party for approximately $152.7 million, resulting in a gain on sale of assets of $154.2 million. The Company used the proceeds from the sale of the ownership interest in the property to pay down a term loan and for general corporate purposes. As of the date of the sale, the Company has accounted for the operations of Queens Center under the equity method of accounting.

On September 3, 2009, the Company formed a joint venture with a third party, whereby the Company sold a 75% interest in FlatIron Crossing, a 1,435,000 square foot regional shopping center in Broomfield, Colorado, and received approximately $123.8 million in cash proceeds for the overall transaction. The Company used the proceeds from the sale of the ownership interest in the property to pay down a term loan and for general corporate purposes. As part of this transaction, the Company issued three warrants for an aggregate of approximately 1.3 million shares of common stock of the Company. On October 3, 2012, the Company repurchased the 75% ownership interest in FlatIron

Crossing for $310.4 million. As a result of this repurchase, the Company recognized a remeasurement gain of $84.2 million during the year ended December 31, 2012.

On February 24, 2011, the Company's joint venture in Kierland Commons Investment LLC (“KCI”) acquired an additional ownership interest in PHXAZ/Kierland Commons, L.L.C. (“Kierland Commons”), a 434,000 square foot regional shopping center in Scottsdale, Arizona, for $105.6 million. The Company's share of the purchase price consisted of a cash payment of $34.2 million and the assumption of a pro rata share of debt of $18.6 million. As a result of this transaction, KCI increased its ownership interest in Kierland Commons from 49% to 100%. KCI accounted for the acquisition as a business combination achieved in stages and recognized a remeasurement gain of $25.0 million based on the acquisition date fair value and its previously held investment in Kierland Commons. As a result of this transaction, the Company's ownership interest in KCI increased from 24.5% to 50%. The Company's pro rata share of the gain recognized by KCI was $12.5 million and was included in equity in income from unconsolidated joint ventures.

On February 28, 2011, the Company in a 50/50 joint venture, acquired The Shops at Atlas Park, a 381,000 square foot community center in Queens, New York, for a total purchase price of $53.8 million. The Company's share of the purchase price was $26.9 million.

On February 28, 2011, the Company acquired the remaining 50% ownership interest in Desert Sky Mall, an 891,000 square foot regional shopping center in Phoenix, Arizona, that it did not own for $27.6 million. The purchase price was funded by a cash payment of $1.9 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $25.8 million. Prior to the acquisition, the Company had accounted for its investment in Desert Sky Mall under the equity method. As of the date of acquisition, the Company has included Desert Sky Mall in its consolidated financial statements.

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On April 1, 2011, the Company's joint venture in SDG Macerich Properties, L.P. ("SDG Macerich") conveyed Granite Run Mall, a 1,033,000 square foot regional shopping center in Media, Pennsylvania, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage note was non-recourse. The Company's pro rata share of gain on the extinguishment of debt was $7.8 million.

On December 31, 2011, the Company and its joint venture partner reached agreement for the distribution and conveyance of interests in SDG Macerich that owned 11 regional shopping centers in a 50/50 partnership. Six of the eleven assets were distributed to the Company on December 31, 2011. The Company received 100% ownership of Eastland Mall, a 1,043,000 square foot regional shopping center in Evansville, Indiana, Lake Square Mall, a 559,000 square foot regional shopping center in Leesburg, Florida, SouthPark Mall, a 904,000 square foot regional shopping center in Moline, Illinois, Southridge Center, an 811,000 square foot community center in Des Moines, Iowa, NorthPark Mall, a 1,050,000 square foot regional shopping center in Davenport, Iowa and Valley Mall, a 504,000 square foot regional shopping center in Harrisonburg, Virginia. These wholly-owned assets were recorded at fair value at the date of transfer, which resulted in a gain of $188.3 million. The gain reflected the fair value of the net assets received in excess of the book value of the Company's interest in SDG Macerich.

On March 30, 2012, the Company sold its 50% ownership interest in Chandler Village Center, a 273,000 square foot community center in Chandler, Arizona, for a total sales price of $14.8 million, resulting in a gain on the sale of assets of $8.2 million. The sales price was funded by a cash payment of $6.0 million and the assumption of the Company's share of the mortgage note payable on the property of $8.8 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 30, 2012, the Company sold its 50% ownership interest in Chandler Festival, a 500,000 square foot community center in Chandler, Arizona, for a total sales price of $31.0 million, resulting in a gain on the sale of assets of $12.3 million. The sales price was funded by a cash payment of $16.2 million and the assumption of the Company's share of the mortgage note payable on the property of $14.8 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 30, 2012, the Company's joint venture in SanTan Village Power Center, a 491,000 square foot community center in Gilbert, Arizona, sold the property for $54.8 million, resulting in a gain on the sale of assets of $23.3 million for the joint venture. The Company's pro rata share of the gain recognized was $7.9 million, net of noncontrolling interests of $3.6 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On May 31, 2012, the Company sold its 50% ownership interest in Chandler Gateway, a 260,000 square foot community center in Chandler, Arizona, for a total sales price of $14.3 million, resulting in a gain on the sale of assets of $3.4 million. The sales price was funded by a cash payment of $4.9 million and the assumption of the Company's share of the mortgage note payable on the property of $9.4 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 10, 2012, the Company was bought out of its ownership interest in NorthPark Center, a 1,946,000 square foot regional shopping center in Dallas, Texas, for $118.8 million, resulting in a gain on sale of assets of $24.6 million. The Company used the cash proceeds from the sale to pay down its line of credit.

On October 26, 2012, the Company acquired the remaining 33.3% ownership interest in Arrowhead Towne Center, a 1,196,000 square foot regional shopping center in Glendale, Arizona, that it did not own for $144.4 million. The purchase price was funded by a cash payment of $69.0 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $75.4 million. As a result of this transaction, the Company recognized a remeasurement gain of $115.7 million.

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185.0 million, resulting in a gain on the sale of assets of $89.2 million to the joint venture. The Company's share of the gain was $44.4 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, an 846,000 square foot regional shopping center in Silverdale, Washington, for $127.0 million, resulting in a gain on the sale of assets of $55.2 million to the joint venture. The Company's share of the gain was $28.1 million. The Company used its share of

the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127.0 million, resulting in a gain on the sale of assets of $38.4 million to the joint venture. The Company's share of the gain was $18.3 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. As a result of this transaction, the Company recognized a remeasurement gain of $36.3 million. Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements.
On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60.9 million, which resulted in a gain of $6.2 million to the joint venture. The Company's share of the gain was $3.1 million. The cash proceeds from the sale were used to pay off the $51.7 million mortgage loan on the property and the remaining $9.2 million net of closing costs was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, that it did not own for $46.2 million. The purchase price was funded by a cash payment of $23.7 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22.5 million. Prior to the acquisition, the Company had accounted for its investment in Superstition Springs Center under the equity method. As a result of this transaction,

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the Company recognized a remeasurement gain of $14.9 million. Since the date of acquisition, the Company has included Superstition Springs Center in its consolidated financial statements.

(4) On September 30, 2009, the Company formed a joint venture with a third party, whereby the third party acquired a 49.9% interest in Freehold Raceway Mall, a 1,674,000 square foot regional shopping center in Freehold, New Jersey, and Chandler Fashion Center, a 1,321,000 square foot regional shopping center in Chandler, Arizona. The Company received approximately $174.6 million in cash proceeds for the overall transaction. The Company used the proceeds from this transaction to pay down the Company's line of credit and for general corporate purposes. As part of this transaction, the Company issued a warrant for an aggregate of approximately 0.9 million shares of common stock of the Company. The transaction was accounted for as a profit-sharing arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation was established for the amount of $168.2 million representing the net cash proceeds received from the third party less costs allocated to the warrant.

(5) The Company's taxable REIT subsidiaries are subject to corporate level income taxes (See Note 22—Income Taxes in the Company's Notes to the Consolidated Financial Statements).

(6) Discontinued operations include the following:

In June 2009, the Company recorded an impairment charge of $26.0 million related to the fee and/or ground leasehold interests in five former Mervyn's stores due to the anticipated loss on the sale of these properties in July 2009. The Company subsequently sold the properties in July 2009 for $52.7 million in total proceeds, resulting in an additional $0.5 million loss related to transaction costs. The Company used the proceeds from the sales to pay down the Company's term loan and for general corporate purposes.

In June 2009, the Company recorded an impairment charge of $1.0 million related to the anticipated loss on the sale of Village Center, a 170,801 square foot urban village property, in July 2009. The Company subsequently sold the property on July 14, 2009 for $11.9 million in total proceeds, resulting in a gain of $0.1 million related to a change in estimate in transaction costs. The Company used the proceeds from the sale to pay down the term loan and for general corporate purposes.

On September 29, 2009, the Company sold a leasehold interest in a former Mervyn's store for $4.5 million, resulting in a gain on the sale of assets of $4.1 million. The Company used the proceeds from the sale to pay down the Company's line of credit and for general corporate purposes.

During the fourth quarter of 2009, the Company sold five non-core community centers for $71.3 million, resulting in an aggregate loss on sale of $16.9 million. The Company used the proceeds from these sales to pay down the Company's line of credit and for general corporate purposes.

On March 4, 2011, the Company sold a former Mervyn's store in Santa Fe, New Mexico for $3.7 million, resulting in a loss on the sale of assets of $1.9 million. The proceeds from the sale were used for general corporate purposes.

In June 2011, the Company recorded an impairment charge of $35.7 million related to Shoppingtown Mall, a 969,000 square foot regional shopping center in Dewitt, New York. As a result of the maturity default on the mortgage note payable and the corresponding reduction of the expected holding period, the Company wrote down the carrying value of the long-lived assets to its estimated fair value of $39.0 million. On December 30, 2011, the Company conveyed Shoppingtown Mall to the lender by a deed-in-lieu of foreclosure. As a result, the Company recognized a $3.9 million additional loss on the disposal of the asset.

On October 14, 2011, the Company sold a former Mervyn's store in Salt Lake City, Utah for $8.1 million, resulting in a gain on the sale of assets of $3.8 million. The proceeds from the sale were used for general corporate purposes.

On November 30, 2011, the Company sold a former Mervyn's store in West Valley City, Utah for $2.3 million, resulting in a loss on the sale of assets of $0.2 million. The proceeds from the sale were used for general corporate purposes.

In March 2012, the Company recorded an impairment charge of $54.3 million related to Valley View Center. As a result of the sale of the property on April 23, 2012, the Company wrote down the carrying value of the long-lived assets to their estimated fair value of $33.5 million, which was equal to the sales price of the property. On April 23, 2012, the property was sold by a court appointed receiver, which resulted in a gain on the extinguishment of debt of $104.0 million.

On April 30, 2012, the Company sold The Borgata, a 94,000 square foot community center in Scottsdale, Arizona, for $9.2 million, resulting in a loss on the sale of assets of $1.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On May 11, 2012, the Company sold a former Mervyn's store in Montebello, California for $20.8 million, resulting in a loss on the sale of assets of $0.4 million. The proceeds from the sale were used for general corporate purposes.

On May 17, 2012, the Company sold Hilton Village, an 80,000 square foot community center in Scottsdale, Arizona, for $24.8 million, resulting in a gain on the sale of assets of $3.1 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On May 31, 2012, the Company conveyed Prescott Gateway, a 584,000 square foot regional shopping center in Prescott, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $16.3 million.

On June 28, 2012, the Company sold Carmel Plaza, a 112,000 square foot community center in Carmel, California, for $52.0 million, resulting in a gain on the sale of assets of $7.8 million. The Company used the proceeds from the sale to pay down its line of credit.

On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79.0 million, resulting in a gain on the sale of assets of $59.8 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

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On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold in a combined transaction for $230.0 million, resulting in a gain on the sale of assets of $82.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12.0 million, resulting in a loss on the sale of assets of $2.6 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On September 30, 2013, the Company conveyed Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1.3 million.
On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5.7 million, resulting in a loss on the sale of assets of $2.0 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5.4 million, resulting in a gain on the sale of assets of $1.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10.5 million, resulting in a loss on the sale of assets of $5.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland, in a combined transaction for $292.5 million, resulting in a gain on the sale of assets of $151.5 million. The sales price was funded by a cash payment of $67.8 million, the assumption of the $109.7 million mortgage note payable on Chesterfield Towne Center and the assumption of the $115.0 million mortgage note payable on Centre at Salisbury. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
The Company has classified the results of operations and gain or loss on sale for all of the above dispositions as discontinued operations for all years presented.

(7) Assumes the conversion of Operating Partnership units to the extent they are dilutive to the EPS computation. It also assumes the conversion of MACWH, LP common and preferred units to the extent that they are dilutive to the EPS computation.

(8) Includes the dilutive effect, if any, of share and unit-based compensation plans and the Senior Notes then outstanding calculated using the treasury stock method and the dilutive effect, if any, of all other dilutive securities calculated using the "if converted" method.

(9) Equity includes the noncontrolling interests in the Operating Partnership, nonredeemable noncontrolling interests in consolidated joint ventures and common and non-participating convertible preferred units of MACWH, LP.

(10) 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 Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating 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.

Adjusted FFO ("AFFO") excludes the FFO impact of Shoppingtown Mall and Valley View Center for the years ended December 31, 2012 and 2011. In December 2011, the Company conveyed Shoppingtown Mall to the lender by a deed-in-lieu of foreclosure. In July 2010, a court-appointed receiver assumed operational control of Valley View Center and responsibility for managing all aspects of the property. Valley View Center was sold by the receiver on

April 23, 2012, and the related non-recourse mortgage loan obligation was fully extinguished on that date, resulting in a gain on extinguishment of debt of $104.0 million. On May 31, 2012, the Company conveyed Prescott Gateway to the lender by a deed-in-lieu of foreclosure and the debt was forgiven resulting in a gain on extinguishment of debt of $16.3 million. AFFO excludes the gain on extinguishment of debt on Prescott Gateway for the twelve months ended December 31, 2012.

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 provides investors with a more meaningful measure of its operating results in comparison to the operating results of other REITs. The Company believes that AFFO and AFFO on a diluted basis 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 allow investors to more easily compare the Company's results without taking into account non-cash credits and charges on properties controlled by either a receiver or loan servicer. The Company believes that FFO and AFFO on a diluted basis are measures investors find most useful in measuring the dilutive impact of outstanding convertible securities.

The Company believes that FFO and AFFO do 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 are not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO and AFFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts.

Management compensates for the limitations of FFO and AFFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and AFFO and a reconciliation of FFO and AFFO and FFO and AFFO-diluted to net income available to common stockholders. Management believes that to further understand the Company's performance, FFO and AFFO should be compared with the Company's reported net income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's Consolidated Financial Statements. For disclosure of net income, the most directly comparable GAAP financial measure, for the periods presented and a reconciliation of FFO and AFFO and FFO and AFFO—diluted to net income, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO")".

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The computation of FFO and AFFO—diluted includes the effect of share and unit-based compensation plans and the Senior Notes calculated using the treasury stock method. It also assumes the conversion of MACWH, LP common and preferred units and all other securities to the extent that they are dilutive to the FFO and AFFO—diluted computation.

(11) Occupancy is the percentage of Mall and Freestanding GLA leased as of the last day of the reporting period. Occupancy for the year ended December 31, 2013 excludes Rotterdam Square (the "2014 Disposition Center"), which was sold on January 15, 2014. Occupancy excludes Centers under development and redevelopment. Occupancy for the years ended December 31, 2011 and 2010 excludes Valley View Mall. Occupancy for the years ended December 31, 2010 and 2009 excludes Santa Monica Place. Occupancy for the year ended December 31, 2009 also excludes Northgate Mall and Shoppingtown Mall.

(12) Sales per square foot are based on reports by retailers leasing Mall Stores and Freestanding Stores for the trailing twelve months for tenants which have occupied such stores for a minimum of twelve months. Sales per square foot also are based on tenants 10,000 square feet and under for Regional Shopping Centers. The sales per square foot exclude Centers under development and redevelopment. The sales per square foot for the year ended December 31, 2013 exclude the 2014 Disposition Center. The sales per square foot for the years ended December 31, 2011 and 2010 exclude Valley View Mall. The sales per square foot for the years ended December 31, 2010 and 2009 exclude Santa Monica Place, which was under redevelopment during the year ended December 31, 2009 and open partially during the year ended December 31, 2010. Sales per square foot for the year ended December 31, 2009 also exclude Northgate Mall and Shoppingtown Mall.

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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 Operating Partnership. As of December 31, 2013, the Operating Partnership owned or had an ownership interest in 55 regional shopping centers and nine community/power shopping centers totaling approximately 57 million square feet of gross leasable area ("GLA"). These 64 regional and community/power shopping centers are referred to herein as the "Centers," unless the context otherwise requires. The Company is a self-administered and self-managed REIT and conducts all of its operations through the Operating Partnership and the Management Companies.

The following discussion is based primarily on the consolidated financial statements of the Company for the years ended December 31, 2013, 2012 and 2011. It compares the results of operations and cash flows for the year ended December 31, 2013 to the results of operations and cash flows for the year ended December 31, 2012. Also included is a comparison of the results of operations and cash flows for the year ended December 31, 2012 to the results of operations and cash flows for the year ended December 31, 2011. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

Acquisitions and Dispositions:

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

On February 24, 2011, the Company's joint venture in Kierland Commons Investment LLC (“KCI”) acquired an additional ownership interest in PHXAZ/Kierland Commons, L.L.C. (“Kierland Commons”), a 434,000 square foot regional shopping center in Scottsdale, Arizona. As a result of this transaction, the Company's ownership interest in KCI increased from 24.5% to 50.0%. The Company's share of the purchase price consisted of a cash payment of $34.2 million and the assumption of a pro rata share of debt of $18.6 million.

On February 28, 2011, the Company, in a 50/50 joint venture, acquired The Shops at Atlas Park, a 381,000 square foot community center in Queens, New York, for a total purchase price of $53.8 million. The Company's share of the purchase price was $26.9 million and was funded from the Company's cash on hand.

On February 28, 2011, the Company acquired the remaining 50% ownership interest in Desert Sky Mall, an 891,000 square foot regional shopping center in Phoenix, Arizona, that it did not own. The total purchase price was $27.6 million, which included the assumption of the third party's pro rata share of the mortgage note payable on the property of $25.8 million. Concurrent with the purchase of the partnership interest, the Company paid off the $51.5 million loan on the property.

On March 4, 2011, the Company sold a fee interest in a former Mervyn's store in Santa Fe, New Mexico for $3.7 million, resulting in a loss on the sale of assets of $1.9 million. The Company used the proceeds from the sale for general corporate purposes.

On April 29, 2011, the Company purchased a fee interest in a freestanding Kohl's store at Capitola Mall in Capitola, California for $28.5 million. The purchase price was paid from cash on hand.

On June 3, 2011, the Company acquired an additional 33.3% ownership interest in Arrowhead Towne Center, a 1,198,000 square foot regional shopping center in Glendale, Arizona, an additional 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, and an additional 50% ownership interest in the land under Superstition Springs Center ("Superstition Springs Land") in exchange for the Company's ownership interest in six anchor stores, including five former Mervyn's stores and a cash payment of $75.0 million. The cash purchase price was funded from borrowings under the Company's line of credit. This transaction is referred to herein as the "GGP Exchange".

On July 22, 2011, the Company acquired Fashion Outlets of Niagara Falls USA, a 525,000 square foot outlet center in Niagara Falls, New York. The initial purchase price of $200.0 million was funded by a cash payment of $78.6 million and the assumption of the mortgage note payable of $121.4 million. The cash purchase price was funded from borrowings under the Company's line of credit. The purchase and sale agreement includes contingent consideration based on the performance of Fashion Outlets of Niagara Falls USA from the acquisition date through July 21, 2014 that could increase the purchase price from the initial $200.0 million up to a maximum of $218.3 million. As of December 31, 2013, the Company estimated the fair value of the contingent consideration as $17.5 million, which has been included in other accrued liabilities.

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On October 14, 2011, the Company sold a former Mervyn's store in Salt Lake City, Utah for $8.1 million, resulting in a gain on the sale of assets of $3.8 million. The proceeds from the sale were used for general corporate purposes.
On November 30, 2011, the Company sold a former Mervyn's store in West Valley City, Utah for $2.3 million, resulting in a loss on the sale of assets of $0.2 million. The proceeds from the sale were used for general corporate purposes.
On December 31, 2011, the Company and its joint venture partner reached agreement for the distribution and conveyance of interests in SDG Macerich Properties, L.P. ("SDG Macerich") that owned 11 regional shopping centers in a 50/50 partnership. Six of the eleven assets were distributed to the Company on December 31, 2011. The Company received 100% ownership of Eastland Mall, a 1,043,000 square foot regional shopping center in Evansville, Indiana, Lake Square Mall, a 559,000 square foot regional shopping center in Leesburg, Florida, SouthPark Mall, a 904,000 square foot regional shopping center in Moline, Illinois, Southridge Center, an 811,000 square foot community center in Des Moines, Iowa, NorthPark Mall, a 1,050,000 square foot regional shopping center in Davenport, Iowa and Valley Mall, a 504,000 square foot regional shopping center in Harrisonburg, Virginia (collectively referred to herein as the "SDG Acquisition Properties"). These wholly-owned assets were recorded at fair value at the date of transfer, which resulted in a gain to the Company of $188.3 million. The gain reflected the fair value of the net assets received in excess of the book value of the Company's interest in SDG Macerich. The distribution and conveyance of the properties from SDG Macerich to the Company is referred to herein as the "SDG Transaction".
On February 29, 2012, the Company acquired a 323,000 square foot mixed-use retail/office building ("500 North Michigan Avenue") in Chicago, Illinois for $70.9 million. The purchase price was paid from borrowings under the Company's line of credit.
On March 30, 2012, the Company sold its 50% ownership interest in Chandler Village Center, a 273,000 square foot community center in Chandler, Arizona, for a total sales price of $14.8 million, resulting in a gain on the sale of assets of $8.2 million. The sales price was funded by a cash payment of $6.0 million and the assumption of the Company's share of the mortgage note payable on the property of $8.8 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.
On March 30, 2012, the Company sold its 50% ownership interest in Chandler Festival, a 500,000 square foot community center in Chandler, Arizona, for a total sales price of $31.0 million, resulting in a gain on the sale of assets of $12.3 million. The sales price was funded by a cash payment of $16.2 million and the assumption of the Company's share of the mortgage note payable on the property of $14.8 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.
On March 30, 2012, the Company's joint venture in SanTan Village Power Center, a 491,000 square foot community center in Gilbert, Arizona, sold the property for $54.8 million, resulting in a gain on the sale of assets of $23.3 million for the joint venture. The Company's pro rata share of the gain recognized was $7.9 million, net of noncontrolling interests of $3.6 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On April 30, 2012, the Company sold The Borgata, a 94,000 square foot community center in Scottsdale, Arizona, for $9.2 million, resulting in a loss on the sale of assets of $1.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On May 11, 2012, the Company sold a former Mervyn's store in Montebello, California for $20.8 million, resulting in a loss on the sale of assets of $0.4 million. The Company used the proceeds from the sale for general corporate purposes.
On May 17, 2012, the Company sold Hilton Village, an 80,000 square foot community center in Scottsdale, Arizona, for $24.8 million, resulting in a gain on the sale of assets of $3.1 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On May 31, 2012, the Company sold its 50% ownership interest in Chandler Gateway, a 260,000 square foot community center in Chandler, Arizona, for a total sales price of $14.3 million, resulting in a gain on the sale of assets of $3.4 million. The sales price was funded by a cash payment of $4.9 million and the assumption of the Company's share of the mortgage note payable on the property of $9.4 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 28, 2012, the Company sold Carmel Plaza, a 112,000 square foot community center in Carmel, California, for $52.0 million, resulting in a gain on the sale of assets of $7.8 million. The Company used the proceeds from the sale to pay down its line of credit.

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On August 10, 2012, the Company was bought out of its ownership interest in NorthPark Center, a 1,946,000 square foot regional shopping center in Dallas, Texas, for $118.8 million, resulting in a gain on the sale of assets of $24.6 million. The Company used the cash proceeds to pay down its line of credit.
On October 3, 2012, the Company acquired the 75% ownership interest in FlatIron Crossing, a 1,435,000 square foot regional shopping center in Broomfield, Colorado, that it did not own for a cash payment of $195.9 million and the assumption of the third party's share of the mortgage note payable of $114.5 million. The cash payment was funded from borrowings under the Company's line of credit.
On October 26, 2012, the Company acquired the remaining 33.3% ownership interest in Arrowhead Towne Center that it did not own for $144.4 million. The Company funded the purchase price by a cash payment of $69.0 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $75.4 million. The cash payment was funded from borrowings under the Company's line of credit.
On November 28, 2012, the Company acquired Kings Plaza Shopping Center, a 1,195,000 square foot regional shopping center in Brooklyn, New York, for a purchase price of $756.0 million. The purchase price was funded from a cash payment of $726.0 million and the issuance of $30.0 million in restricted common stock of the Company. The cash payment was provided by the placement of a mortgage note on the property that allowed for borrowings up to $500.0 million and from borrowings under the Company's line of credit. Concurrent with the acquisition, the Company borrowed $354.0 million on the loan. On January 3, 2013, the Company exercised its option to borrow the remaining $146.0 million of the loan.
On January 24, 2013, the Company acquired Green Acres Mall, a 1,787,000 square foot regional shopping center in Valley Stream, New York, for a purchase price of $500.0 million. The purchase price was funded from the placement of a $325.0 million mortgage note on the property and $175.0 million from borrowings under the Company's line of credit.
On April 25, 2013, the Company acquired a 19 acre parcel of land adjacent to Green Acres Mall for $22.6 million. The payment was provided by borrowings from the Company's line of credit.
On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185.0 million, resulting in a gain on the sale of assets of $89.2 million to the joint venture. The Company's share of the gain was $44.4 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79.0 million, resulting in a gain on the sale of assets of $59.8 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold in a combined transaction for $230.0 million, resulting in a gain on the sale of assets of $82.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, an 846,000 square foot regional shopping center in Silverdale, Washington, for $127.0 million, resulting in a gain on the sale of assets of $55.2 million to the joint venture. The Company's share of the gain was $28.1 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127.0 million, resulting in a gain on the sale of assets of $38.4 million to the joint venture. The Company's share of the gain was $18.3 million. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12.0 million, resulting in a loss on the sale of assets of $2.6 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its

investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. This transaction is referred to herein as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements.

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On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60.9 million, resulting in a gain on the sale of assets of $6.2 million to the joint venture. The Company's share of the gain was $3.1 million. The proceeds from the sale were used to pay off the $51.7 million mortgage loan on the property and the remaining $9.2 million, net of closing costs, was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5.7 million, resulting in a loss on the sale of assets of $2.0 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5.4 million, resulting in a gain on the sale of assets of $1.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center that it did not own for $46.2 million. The purchase price was funded by a cash payment of $23.7 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22.5 million.

On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10.5 million, resulting in a loss on the sale of assets of $5.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland. The properties were sold in a combined transaction for $292.5 million, resulting in a gain on the sale of assets of $151.5 million. The sales price was funded by a cash payment of $67.8 million, the assumption of the $109.7 million mortgage note payable on Chesterfield Towne Center and the assumption of the $115.0 million mortgage note payable on Centre at Salisbury. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 15, 2014, the Company sold Rotterdam Square, a 585,000 square foot regional shopping center in Schenectady, New York, for $8.5 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

Other Transactions and Events:

On July 15, 2010, a court appointed receiver assumed operational control of Valley View Center and responsibility for managing all aspects of the property. In March 2012, the Company recorded an impairment charge of $54.3 million to write down the carrying value of the long-lived assets to their estimated fair value. On April 23, 2012, the property was sold by the receiver for $33.5 million, which resulted in a gain on the extinguishment of debt of $104.0 million.

On April 1, 2011, the Company's joint venture in SDG Macerich conveyed Granite Run Mall, a 1,033,000 square foot regional center in Media, Pennsylvania, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage note was non-recourse. The Company's pro rata share of gain on the extinguishment of debt was $7.8 million.

On May 11, 2011, the non-recourse mortgage note payable on Shoppingtown Mall went into maturity default. As a result of the maturity default and the corresponding reduction of the estimated holding period, the Company recognized an impairment charge of $35.7 million to write down the carrying value of the long-lived assets to their estimated fair value. On September 14, 2011, the Company exercised its right and redeemed the outside ownership interests in the Center for a cash payment of $11.4 million. On December 30, 2011, the Company conveyed the property to the mortgage note lender by a deed-in-lieu of foreclosure. As a result of the conveyance, the Company recognized an additional $3.9 million loss on the disposal of the property.

On May 31, 2012, the Company conveyed Prescott Gateway, a 584,000 square foot regional shopping center in Prescott, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $16.3 million.

In December 2012, the Company recognized an impairment charge of $24.6 million on Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to write down the carrying value of the long-lived assets to their estimated fair value due to a reduction in the estimated holding period of the property. On September 30, 2013, the

Company conveyed Fiesta Mall to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1.3 million.

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Redevelopment and Development Activity:

In August 2011, the Company entered into a joint venture agreement with a subsidiary of AWE/Talisman for the development of Fashion Outlets of Chicago in the Village of Rosemont, Illinois. The Company owns 60% of the joint venture and AWE/Talisman owns 40%. The Company accounts for Fashion Outlets of Chicago as a consolidated joint venture. The Center is a fully enclosed two level, 528,000 square foot outlet center. The site is located within a mile of O'Hare International Airport. The project broke ground in November 2011 and opened on August 1, 2013. The total estimated project cost is approximately $211.0 million. As of December 31, 2013, the consolidated joint venture had incurred $181.7 million of development costs. On March 2, 2012, the consolidated joint venture obtained a construction loan on the property that allows for borrowings of up to $140.0 million, bears interest at LIBOR plus 2.50% and matures on March 5, 2017. As of December 31, 2013, the consolidated joint venture had borrowed $91.4 million under the loan.

The Company's joint venture in Tysons Corner Center, a 2,130,000 square foot regional shopping center in McLean, Virginia, is currently expanding the property to include a 500,000 square foot office tower, a 430 unit residential tower and a 300 room Hyatt Regency hotel. The joint venture started the expansion project in October 2011 and expects the office tower to be completed in 2014 and the balance of the project to be completed in early 2015. The total cost of the project is estimated at $524.0 million, of which $262.0 million is estimated to be the Company's pro rata share. The Company has funded $125.2 million of the total of $250.5 million incurred by the joint venture as of December 31, 2013.

In November 2013, the Company started construction on the 175,000 square foot expansion of Fashion Outlets of Niagara Falls USA, a 525,000 square foot outlet center in Niagara Falls, New York. The Company expects to complete the project in late 2014. The total estimated project cost is $75.0 million. As of December 31, 2013, the Company had incurred $17.1 million of development costs.

Inflation:

In the last five years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically throughout the lease term. These rent increases are either in fixed increments or based on using an annual multiple of increases in the Consumer Price Index ("CPI"). In addition, approximately 6% to 13% of the leases for spaces 10,000 square feet and under, expire each year, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. The Company has generally entered into leases that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses actually incurred at any Center, which places the burden of cost control on the Company. Additionally, certain leases require the tenants to pay their pro rata share of operating expenses.

Seasonality:

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

Critical Accounting Policies

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

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectible accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, and estimates for environmental matters. 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.

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Revenue Recognition:
Minimum rental revenues are recognized on a straight-line basis over the term of the related lease. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight line rent adjustment." Currently, 68% of the Mall Store and Freestanding Store leases contain provisions for CPI rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases. Percentage rents are recognized when the tenants' specified sales targets have been met. Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the term of the related leases.
Property:
Maintenance and repair expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc., are capitalized and depreciated over their estimated useful lives. Gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings. Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Tenant improvements	5 - 7 years
Equipment and furnishings	5 - 7 years

Capitalization of Costs:
The Company capitalizes costs incurred in redevelopment, development, renovation and improvement of properties. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. These capitalized costs include direct and certain indirect costs clearly associated with the project. Indirect costs include real estate taxes, insurance and certain shared administrative costs. In assessing the amounts of direct and indirect costs to be capitalized, allocations are made to projects based on estimates of the actual amount of time spent on each activity. Indirect costs not clearly associated with specific projects are expensed as period costs. Capitalized indirect costs are allocated to development and redevelopment activities based on the square footage of the portion of the building not held available for immediate occupancy. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once work has been completed on a vacant space, project costs are no longer capitalized. For projects with extended lease-up periods, the Company ends the capitalization when significant activities have ceased, which does not exceed the shorter of a one-year period after the completion of the building shell or when the construction is substantially complete.
Acquisitions:
The Company allocates the estimated fair value of acquisitions to land, building, tenant improvements and identified intangible assets and liabilities, based on their estimated fair values. In addition, any assumed mortgage notes payable are recorded at their estimated fair values. The estimated fair value of the land and buildings is determined utilizing an “as if vacant” methodology. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with “cost avoidance” of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company's markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the “assumed vacant” property to the occupancy level when purchased; and (iii) above or below market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other

assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus an estimate of renewal of the acquired leases. Above or below market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the

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contractual terms are above or below market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below market leases may include certain below market fixed-rate renewal periods. In considering whether or not a lessee will execute a below market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the center, the Company's relationship with the tenant and the availability of competing tenant space.
The Company immediately expenses costs associated with business combinations as period costs.

Asset Impairment:

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

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

Fair Value of Financial Instruments:

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

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

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

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. As these deferred leasing costs represent productive assets incurred in connection with the Company's provision of leasing arrangements at the Centers, the related cash flows are classified as investing activities within the Company's consolidated statements of cash flows. Costs relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. The ranges of the terms of the agreements are as follows:

Deferred lease costs	1 - 15 years
Deferred financing costs	1 - 15 years

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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 above, including those related to the Acquisition Properties and the Redevelopment Properties 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 recently acquired properties (“Acquisition Properties”) and those Centers or properties that are going through a substantial redevelopment often resulting in the closing of a portion of the Center (“Redevelopment Properties”). 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 Acquisition Properties and the Redevelopment Properties for the periods of comparison.

For comparison of the year ended December 31, 2013 to the year ended December 31, 2012, the Acquisition Properties include 500 North Michigan Avenue, FlatIron Crossing, Arrowhead Towne Center, Kings Plaza Shopping Center, Green Acres Mall, Green Acres Adjacent, Camelback Colonnade and Superstition Springs Center. For comparison of the year ended December 31, 2012 to the year ended December 31, 2011, the Acquisition Properties include Desert Sky Mall, the Kohl's store at Capitola Mall, Superstition Springs Land, Fashion Outlets of Niagara Falls USA, the SDG Acquisition Properties, 500 North Michigan Avenue, FlatIron Crossing, Arrowhead Towne Center and Kings Plaza Shopping Center. The increase in revenues and expenses of the Acquisition Properties from the year ended December 31, 2012 to the year ended December 31, 2013 is primarily due to the acquisition of Kings Plaza Shopping Center and Green Acres Mall (See "Acquisitions and Dispositions" in Management's Overview and Summary). The increase in revenues and expenses of the Acquisition Properties from the year ended December 31, 2011 to the year ended December 31, 2012 is primarily due to the acquisition of the SDG Acquisition Properties (See "Acquisitions and Dispositions" in Management's Overview and Summary).

For the comparison of the year ended December 31, 2013 to the year ended December 31, 2012, the "Redevelopment Properties" are Fashion Outlets of Chicago and Paradise Valley Mall. For the comparison of the year ended December 31, 2012 to the year ended December 31, 2011, the "Redevelopment Property" is Fashion Outlets of Chicago. The increase in revenue and expenses of the Redevelopment Properties from the year ended December 31, 2012 to the year ended December 31, 2013 is primarily due to the opening of Fashion Outlets of Chicago on August 1, 2013.

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

The Company considers tenant annual sales per square foot (for tenants in place for a minimum of 12 months or longer and 10,000 square feet and under) for regional shopping centers, occupancy rates (excluding large retail stores or "Anchors") for the Centers 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 year based on the spaces 10,000 square feet and under) to be key performance indicators of the Company's internal growth.

Tenant sales per square foot increased from $517 for the twelve months ended December 31, 2012 to $562 for the twelve months ended December 31, 2013. Occupancy rate increased from 93.8% at December 31, 2012 to 94.6% at December 31, 2013. Releasing spreads increased 17.2% for the twelve months ended December 31, 2013. These calculations exclude Centers under development or redevelopment, the 2013 property dispositions (See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary) and the 2014 Disposition Center.

Releasing spreads remained positive as the Company was able to lease available space at average higher rents than the expiring rental rates, resulting in a releasing spread of $7.21 per square foot ($49.09 on new and renewal leases executed compared to $41.88 on leases expiring), representing a 17.2% increase for the trailing twelve months ended December 31, 2013. The Company expects that releasing spreads will continue to be positive in 2014 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire represent 1,100,000 square feet of the Centers, accounting for 8.0% of the GLA of mall stores and freestanding stores, for spaces 10,000 square feet and under, as of December 31, 2013.

During the trailing twelve months ended December 31, 2013, the Company signed 317 new leases and 384 renewal leases comprising approximately 1.2 million square feet of GLA, of which 1.0 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was $49.09 per square foot for the trailing twelve months ended December 31, 2013 with an average tenant allowance of $12.58 per square foot.

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Comparison of Years Ended December 31, 2013 and 2012

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") increased by $132.6 million, or 28.3%, from 2012 to 2013. The increase in rental revenue is attributed to an increase of $114.4 million from the Acquisition Properties, $9.6 million from the Same Centers and $8.6 million from the Redevelopment Properties. The increase at the Same Centers is primarily attributed to an increase in releasing spreads and an increase in tenant occupancy.

Rental revenue includes the amortization of above and below-market leases, the amortization of straight-line rents and lease termination income. The amortization of above and below-market leases increased from $5.2 million in 2012 to $6.6 million in 2013. The amortization of straight-line rents increased from $5.4 million in 2012 to $7.5 million in 2013. Lease termination income decreased from $4.6 million in 2012 to $3.3 million in 2013.

Tenant recoveries increased $90.2 million, or 36.4%, from 2012 to 2013. The increase in tenant recoveries is attributed to increases of $80.5 million from the Acquisition Properties, $5.1 million from the Same Centers and $4.6 million from the Redevelopment Properties. The increase at the Same Centers is due to an increase in rent and tenant occupancy.

Management Companies' revenue decreased from $41.2 million in 2012 to $40.2 million in 2013 primarily due to a reduction in management fees from the sales of Kitsap Mall, Redmond Town Center and Ridgmar Mall in 2013 and the conversion of Arrowhead Towne Center and FlatIron Crossing from joint ventures to consolidated Centers in 2012 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Other revenues increased $10.3 million, or 25.7%, from 2012 to 2013. The increase in other revenues is attributed to an increase of $8.4 million from the Acquisition Properties and $2.1 million from the Redevelopment Properties offset in part by a decrease of $0.2 million from the Same Centers.

Shopping Center and Operating Expenses:

Shopping center and operating expenses increased $77.9 million, or 30.9%, from 2012 to 2013. The increase in shopping center and operating expenses is attributed to an increase of $76.4 million from the Acquisition Properties and $4.8 million from Redevelopment Properties offset in part by a decrease of $3.3 million from the Same Centers. The decrease at the Same Centers is primarily due to a decrease in property taxes and operations and maintenance costs.

Management Companies' Operating Expenses:

Management Companies' operating expenses increased $7.9 million from 2012 to 2013 due to an increase in compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses increased by $7.4 million from 2012 to 2013 due to an increase in share and unit-based compensation costs.

Depreciation and Amortization:

Depreciation and amortization increased $79.5 million from 2012 to 2013. The increase in depreciation and amortization is primarily attributed to an increase of $79.0 million from the Acquisition Properties and $2.4 million from the Redevelopment Properties offset in part by a decrease of $1.9 million from the Same Centers.

Interest Expense:

Interest expense increased $32.9 million from 2012 to 2013. The increase in interest expense was primarily attributed to increases of $34.7 million from the Acquisition Properties and $5.0 million from the Same Centers offset in part by decreases of $4.7 million from the convertible senior notes ("Senior Notes"), which were paid off in full in March 2012 (See Liquidity and Capital Resources), $1.6 million from reduced borrowings under the line of credit, $0.1 million from the term loan and $0.4 million from the Redevelopment Properties.

The above interest expense items are net of capitalized interest, which increased from $10.7 million in 2012 to $10.8 million in 2013.

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Equity in Income of Unconsolidated Joint Ventures:
Equity in income of unconsolidated joint ventures increased $88.3 million from 2012 to 2013. The increase is primarily attributed to the Company's share of the gains on the sales in 2013 of Redmond Town Center Office of $44.4 million, Kitsap Mall of $28.1 million, Redmond Town Center of $18.3 million and Ridgmar Mall of $3.1 million offset in part by the Company's share of the gain on the sale of SanTan Village Power Center of $11.5 million in 2012 (See "Acquisitions and Dispositions" in Management's Overview and Summary).
(Loss) Gain on Remeasurement, Sale or Write down of Assets, net:
Gain on remeasurement, sale or write down of assets, net decreased $255.5 million from 2012 to 2013. The decrease is primarily attributed to the $200.0 million of remeasurement gains from the purchase of ownership interests in Arrowhead Towne Center and FlatIron Crossing in 2012, the $48.5 million gain on the sales of the Company's ownership interests in Chandler Festival, Chandler Village Center, Chandler Gateway and NorthPark Center in 2012 and the $82.2 million impairment loss in 2013 offset in part by the $51.2 million of remeasurement gains from the Camelback Colonnade Restructuring, the purchase of the remaining ownership interest in Superstition Springs Center (See "Acquisitions and Dispositions" in Management's Overview and Summary) and the $19.4 million write-off of development costs in 2012.
Total Income from Discontinued Operations:
Total income from discontinued operations increased $226.7 million from 2012 to 2013. The increase in income from discontinued operations is primarily due to the $293.4 million of gain on the sales of Green Tree Mall, Northridge Mall, Rimrock Mall, Chesterfield Towne Center and Centre at Salisbury in 2013 offset in part by the $24.6 million impairment loss on Fiesta Mall in 2012 (See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary). This overall increase was offset in part by the $77.0 million of gain on the sales and dispositions of Valley View Center, Prescott Gateway, Carmel Plaza and Hilton Village in 2012 (See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary).
Net Income:
Net income increased $82.6 million from 2012 to 2013. The increase in net income is primarily attributed to increases of $226.7 million from discontinued operations, $88.3 million from equity in income of unconsolidated joint ventures and $27.9 million from the operating results of the consolidated properties offset in part by a decrease of $255.5 million from gains on remeasurement, sale or write down of assets, net, as discussed above.
Funds From Operations ("FFO"):
Primarily as a result of the factors mentioned above, FFO—diluted decreased 8.7% from $577.9 million in 2012 to $527.6 million in 2013. For a reconciliation of FFO and FFO—diluted to net income available to common stockholders, the most directly comparable GAAP financial measure, see "Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO")."
Operating Activities:
Cash provided by operating activities increased from $351.3 million in 2012 to $422.0 million in 2013. The increase was primarily due to changes in assets and liabilities and the results of the Acquisition Properties as discussed above.
Investing Activities:
Cash provided by investing activities increased $1.2 billion from 2012 to 2013. The increase in cash provided by investing activities was primarily due to a decrease in the acquisitions of property of $545.6 million, an increase in distributions from unconsolidated joint ventures of $393.6 million and an increase in proceeds from the sale of assets of $279.4 million. The increase in distributions from unconsolidated joint ventures is primarily attributed to the distribution of the Company's share of net proceeds from the refinancing of the mortgage note payable on Tysons Corner Center in 2013 (See Liquidity and Capital Resources) and the Company's share of cash proceeds from the sales of Kitsap Mall, Redmond Town Center and Redmond Town Center Office in 2013 (See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary).
Financing Activities:
Cash used in financing activities increased $1.3 billion from 2012 to 2013. The increase in cash used in financing activities was primarily due to an increase in payments on mortgages, bank and other notes payable of $679.2 million and a decrease in proceeds from mortgages, bank and other notes payable of $620.7 million.

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Comparison of Years Ended December 31, 2012 and 2011

Revenues:

Rental revenue increased by $70.6 million, or 17.7%, from 2011 to 2012. The increase in rental revenue is attributed to a increase of $74.0 million from the Acquisition Properties offset in part by a decrease of $3.4 million from the Same Centers. The decrease at the Same Centers is primarily attributed to the decrease in above and below-market leases and lease termination income as noted below.

The amortization of above and below market leases decreased from $9.3 million in 2011 to $5.2 million in 2012. The amortization of straight-line rents increased from $4.6 million in 2011 to $5.4 million in 2012. Lease termination income decreased from $5.5 million in 2011 to $4.6 million in 2012.

Tenant recoveries increased by $31.7 million from 2011 to 2012. The increase in tenant recoveries is primarily attributed to an increase of $32.3 million from the Acquisition Properties offset in part by a decrease of $0.6 million from the Same Centers.

Management Companies' revenue increased from $40.4 million in 2011 to $41.2 million in 2012 primarily due to an increase in development fees.

Shopping Center and Operating Expenses:

Shopping center and operating expenses increased $38.1 million, or 17.8%, from 2011 to 2012. The increase in shopping center and operating expenses is attributed to an increase of $41.2 million from the Acquisition Properties offset in part by a decrease of $3.1 million from the Same Centers. The decrease at the Same Centers is primarily due to a reduction in property taxes and maintenance costs.

Management Companies' Operating Expenses:

Management Companies' operating expenses decreased $1.0 million from 2011 to 2012 due to a decrease in compensation costs.

REIT General and Administrative Expenses:

REIT general and administrative expenses decreased by $0.7 million from 2011 to 2012.

Depreciation and Amortization:

Depreciation and amortization increased $49.6 million from 2011 to 2012. The increase in depreciation and amortization is primarily attributed to an increase of $45.8 million from the Acquisition Properties and $3.8 million from the Same Centers.

Interest Expense:

Interest expense decreased $2.9 million from 2011 to 2012. The decrease in interest expense was primarily attributed to decreases of $25.3 million from the Senior Notes, which were paid off in full in March 2012 (See Liquidity and Capital Resources), $7.7 million from the Same Centers and $1.3 million from the Redevelopment Property. These decreases were offset in part by increases of $19.5 million from the Acquisition Properties, $8.9 million from the borrowings under the line of credit and $3.0 million from the term loans. The decrease from the Same Centers was primarily due to the maturity of a $400.0 million interest rate swap agreement in April 2011.

The above interest expense items are net of capitalized interest, which decreased from $11.9 million in 2011 to $10.7 million in 2012 due to a decrease in interest rates in 2012.

Loss on Early Extinguishment of Debt:

The loss on early extinguishment of debt of $1.5 million is due to the loss from the repurchase of the Senior Notes in 2011.

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $215.4 million from 2011 to 2012. The decrease in equity in income of unconsolidated joint ventures is primarily attributed to the Company's pro rata share of the gain of $188.3 million in connection with the SDG Transaction (See "Acquisitions and Dispositions" in Management's Overview and Summary) in 2011. The remaining decrease in equity in income from unconsolidated joint ventures is attributed to the Company's $12.5 million pro rata share of the remeasurement gain on the acquisition of an underlying ownership interest in Kierland Commons in 2011 (See

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"Acquisitions and Dispositions" in Management's Overview and Summary), and the Company's $7.8 million pro rata share of the gain on early extinguishment of debt of its joint venture in Granite Run Mall in 2011 (See "Other Transactions and Events" in Management's Overview and Summary).

Gain (loss) on Remeasurement, Sale or Write down of Assets, net:

Gain on remeasurement, sale or write down of assets, net increased $250.7 million from 2011 to 2012. The increase is primarily attributed to the $115.7 million remeasurement gain on the purchase of ownership interest in Arrowhead Towne Center in 2012, the $84.2 million remeasurement gain on the purchase of ownership interest in FlatIron Crossing in 2012 and the $24.6 million gain on the buyout of the Company's ownership interest in NorthPark Center in 2012 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Total Income (loss) from Discontinued Operations:

Total income from discontinued operations increased $133.6 million from 2011 to 2012. The increase is primarily due to the gains on the 2012 dispositions of Valley View Center of $49.7 million, Prescott Gateway of $16.3 million and Carmel Plaza of $7.8 million and the loss on the 2011 disposition of Shoppingtown Mall of $39.7 million and the impairment charge of $19.2 million on The Borgata in 2011. These increases were offset in part by the impairment loss of $24.6 million on Fiesta Mall in 2012. See "Acquisitions and Dispositions" and "Other Transactions and Events" in Management's Overview and Summary.

Net Income:

Net income increased $197.3 million from 2011 to 2012. The increase in net income is primarily attributed to increases of $250.7 million from gains on remeasurement, sale or write down of assets, net, and $133.6 million from discontinued operations offset in part by a decrease of $215.4 million from equity in income of unconsolidated joint ventures.

Funds From Operations ("FFO"):

Primarily as a result of the factors mentioned above, FFO—diluted increased 44.6% from $399.6 million in 2011 to $577.9 million in 2012. For a reconciliation of FFO and FFO—diluted to net income available to common stockholders, the most directly comparable GAAP financial measure, see "Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO")."

Operating Activities:

Cash provided by operating activities increased from $237.3 million in 2011 to $351.3 million in 2012. The increase was primarily due to changes in assets and liabilities and the results at the Centers as discussed above.

Investing Activities:

Cash used in investing activities increased from $212.1 million in 2011 to $963.4 million in 2012. The increase in cash used in investing activities was primarily due to increases of $936.7 million from acquisitions of properties and $83.3 million from the development, redevelopment and renovations of properties offset in part by an increase of $119.7 million in proceeds from the sale of assets, an increase of $106.6 million in distributions from unconsolidated joint ventures and a decrease of $60.0 million in contributions to unconsolidated joint ventures. The increase in the acquisitions of properties is primarily due to the purchases of Kings Plaza Shopping Center and the remaining ownership interests in FlatIron Crossing and Arrowhead Towne Center in 2012 (See "Acquisitions and Dispositions" in Management's Overview and Summary). The increase in proceeds from the sale of assets is primarily due to the buyout of the Company's ownership interest in NorthPark Center and the sales of The Borgata, Carmel Plaza, Hilton Village and ownership interests in Chandler Festival, Chandler Village Center and Chandler Gateway in 2012. The increase in distributions from the unconsolidated joint ventures is primarily due to the distribution of the Company's pro rata share of the excess refinancing proceeds of Queens Center in 2012.

Financing Activities:

Cash provided by financing activities increased from a deficit of $403.6 million in 2011 to a surplus of $610.6 million in 2012. The increase in cash provided by financing activities was primarily due to an increase in proceeds from mortgages, bank and other notes payable of $2.4 billion, the repurchase of the Senior Notes of $180.3 million in 2012 and the net proceeds from the at-the-market program of $175.6 million (See Liquidity and Capital Resources) offset in part by an increase in payments on mortgages, bank and other notes payable of $1.7 billion.

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Liquidity and Capital Resources

The Company anticipates meeting its liquidity needs for its operating expenses and debt service and dividend requirements for the next twelve months through cash generated from operations, working capital reserves and/or borrowings under its unsecured line of credit.

The following tables summarize capital expenditures and lease acquisition costs incurred at the Centers for the years ended December 31:

(Dollars in thousands)	2013	2012	2011
Consolidated Centers:			
Acquisitions of property and equipment	$591,565	$1,313,091	$314,575
Development, redevelopment, expansion and renovation of Centers	164,340	158,474	88,842
Tenant allowances	20,949	18,116	19,418
Deferred leasing charges	23,926	23,551	29,280
	$800,780	$1,513,232	$452,115
Joint Venture Centers (at Company's pro rata share):			
Acquisitions of property and equipment	$8,182	$5,080	$143,390
Development, redevelopment, expansion and renovation of Centers	118,764	79,642	37,712
Tenant allowances	8,086	6,422	8,406
Deferred leasing charges	3,331	4,215	4,910
	$138,363	$95,359	$194,418

The Company expects amounts to be incurred during the next twelve months for tenant allowances and deferred leasing charges to be comparable or less than 2013 and that capital for those expenditures will be available from working capital, cash flow from operations, borrowings on property specific debt or unsecured corporate borrowings. The Company expects to incur between $250 million and $350 million during the next twelve months for development, redevelopment, expansion and renovations. Capital for these major expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of debt or equity financings, which are expected to include borrowings under the Company's line of credit and construction loans. The Company has also generated liquidity in the past through equity offerings, property refinancings, joint venture transactions and the sale of non-core assets. For example, during the year ended December 31, 2013, the Company refinanced the mortgage note payable at Tysons Corner Center. The Company's pro rata share of the net proceeds was $275.0 million, which was used to pay down its line of credit. The Company has also recently sold certain non-core assets and has announced plans to sell additional non-core assets in 2014, depending on market conditions. 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 and units.

The capital and credit markets can fluctuate and, at times, limit access to debt and equity financing for companies. As demonstrated by the Company's activity in 2013, including through its $500 million ATM Program as discussed below and its $1.5 billion line of credit, the Company has been able to access capital; however, there is no assurance the Company will be able to do so in future periods or on similar terms and conditions. Many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions. In the event that the Company has significant tenant defaults as a result of the overall economy and general market conditions, the Company could have a decrease in cash flow from operations, which could result in increased borrowings under its line of credit. These events could result in an increase in the Company's proportion of floating rate debt, which would cause it to be subject to interest rate fluctuations in the future.

The Company has an equity distribution agreement ("Distribution Agreement") with a number of sales agents to issue and sell, from time to time, shares of common stock, having an aggregate offering price of up to $500 million (the “Shares”). Sales of the Shares, if any, may be made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at the market” offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange. This offering is referred to herein as the "ATM Program". During the three months ended December 31, 2013, the Company did not sell any shares of common stock under the ATM Program. During the year ended December 31, 2013, the Company sold 2,456,956 shares of common stock under the ATM Program in exchange for aggregate gross proceeds of $173.0 million and net proceeds of $171.1 million after commissions and other transaction costs. The proceeds from the sales were used to pay down the Company's line of credit. As of December 31, 2013, $149.1 million remained available to be sold under the ATM Program. Actual future sales will depend upon a variety of

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factors including but not limited to market conditions, the trading price of the Company's common stock and our capital needs. The Company has no obligation to sell the remaining shares available for sale under the ATM Program.

The Company's total outstanding loan indebtedness at December 31, 2013 was $6.0 billion (consisting of $4.6 billion of consolidated debt, less $0.3 billion attributable to noncontrolling interests, plus $1.7 billion of its pro rata share of unconsolidated joint venture debt). The majority of the Company's debt consists of fixed-rate conventional mortgage notes collateralized by individual properties. The Company expects that all of the maturities during the next twelve months will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

The Company has a $1.5 billion revolving line of credit that initially bore interest at LIBOR plus a spread of 1.75% to 3.0%, depending on the Company's overall leverage levels, and was to mature on May 2, 2015 with a one-year extension option. The line of credit had the ability to be expanded, depending on certain conditions, up to a total facility of $2.0 billion less the outstanding balance of the $125.0 million unsecured term loan, as discussed below.

On August 6, 2013, the Company's line of credit was amended and extended. The amended facility provides for an interest rate of LIBOR plus a spread of 1.375% to 2.0%, depending on the Company's overall leverage levels, and matures on August 6, 2018. Based on the Company's leverage level as of December 31, 2013, the borrowing rate on the facility was LIBOR plus 1.50%. In addition, the line of credit can now be expanded, depending on certain conditions, up to a total facility of $2.0 billion (without giving effect to the $125.0 million unsecured term loan described below). All obligations under the amended facility are unconditionally guaranteed only by the Company. At December 31, 2013, total borrowings under the line of credit were $30.0 million with an average effective interest rate of 1.85%.

The Company has a $125.0 million unsecured term loan under the Company's line of credit that bears interest at LIBOR plus a spread of 1.95% to 3.20%, depending on the Company's overall leverage levels, and matures on December 8, 2018. Based on the Company's leverage level at December 31, 2013, the borrowing rate was LIBOR plus 2.20%. As of December 31, 2013, the total interest rate was 2.51%.

At December 31, 2013, the Company was in compliance with all applicable loan covenants under its agreements.

At December 31, 2013, the Company had cash and cash equivalents available of $69.7 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.

In addition, one joint venture has secured debt that could become recourse debt to the Company in excess of the Company's pro rata share, should the joint venture be unable to discharge the obligation of the related debt. At December 31, 2013, the balance of the debt that could be recourse to the Company was $33.5 million offset in part by an indemnity agreement from a joint venture partner for $16.8 million. The maturity of the recourse debt, net of indemnification, is $16.8 million in 2015.

Additionally, as of December 31, 2013, the Company is contingently liable for $18.9 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

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Contractual Obligations:
The following is a schedule of contractual obligations as of December 31, 2013 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)	$5,002,357	$169,673	$1,048,824	$1,344,239	$2,439,621
Operating lease obligations(1)	369,416	15,339	30,749	26,641	296,687
Purchase obligations(1)	57,969	57,969	—	—	—
Other long-term liabilities	331,833	291,315	3,138	3,470	33,910
	$5,761,575	$534,296	$1,082,711	$1,374,350	$2,770,218

(1) See Note 18—Commitments and Contingencies in the Company's Notes to the Consolidated Financial Statements.

Funds From Operations ("FFO") and Adjusted Funds From Operations ("AFFO")

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 Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating 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.

Adjusted FFO ("AFFO") excludes the FFO impact of Shoppingtown Mall and Valley View Center for the years ended December 31, 2012 and 2011. In December 2011, the Company conveyed Shoppingtown Mall to the lender by a deed-in-lieu of foreclosure. In July 2010, a court-appointed receiver assumed operational control of Valley View Center and responsibility for managing all aspects of the property. Valley View Center was sold by the receiver on April 23, 2012, and the related non-recourse mortgage loan obligation was fully extinguished on that date, resulting in a gain on extinguishment of debt of $104.0 million. On May 31, 2012, the Company conveyed Prescott Gateway to the lender by a deed-in-lieu of foreclosure and the debt was forgiven resulting in a gain on extinguishment of debt of $16.3 million. AFFO excludes the gain on extinguishment of debt on Prescott Gateway for the twelve months ended December 31, 2012.

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 more meaningful measure of its operating results in comparison to the operating results of other REITs. The Company believes that AFFO and AFFO on a diluted basis 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 allow investors to more easily compare the Company's results without taking into account non-cash credits and charges on properties controlled by either a receiver or loan servicer. The Company believes that FFO and AFFO on a diluted basis are measures investors find most useful in measuring the dilutive impact of outstanding convertible securities.

The Company believes that FFO and AFFO do 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 are not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO and AFFO, as presented, may not be comparable to

similarly titled measures reported by other real estate investment trusts.
Management compensates for the limitations of FFO and AFFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and AFFO and a reconciliation of FFO and AFFO and FFO and AFFO-diluted to net income available to common stockholders. Management believes that to further understand the

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Company's performance, FFO and AFFO should be compared with the Company's reported net income and considered in addition to cash flows in accordance with GAAP, as presented in the Company's consolidated financial statements.

The following reconciles net income attributable to the Company to FFO and FFO-diluted for the years ended December 31, 2013, 2012, 2011, 2010 and 2009 and FFO and FFO—diluted to AFFO and AFFO—diluted for the same periods (dollars and shares in thousands):

	2013	2012	2011	2010	2009
Net income attributable to the Company	$420,090	$337,426	$156,866	$25,190	$120,742
Adjustments to reconcile net income attributable to the Company to FFO—basic:					
Noncontrolling interests in the Operating Partnership	29,637	27,359	13,529	2,497	17,517
(Gain) loss on remeasurement, sale or write down of consolidated assets, net	(258,310)	(159,575)	76,338	(474)	(121,766)
Add: gain (loss) on undepreciated assets—consolidated assets	2,546	(390)	2,277	—	4,762
Add: noncontrolling interests share of (loss) gain on sale of assets—consolidated joint ventures	(2,082)	1,899	(1,441)	2	310
(Gain) loss on remeasurement, sale or write down of assets—unconsolidated joint ventures(1)	(94,372)	(2,019)	(200,828)	(823)	7,642
Add: gain (loss) on sale of undepreciated assets—unconsolidated joint ventures(1)	602	1,163	51	613	(152)
Depreciation and amortization on consolidated assets	374,425	307,193	269,286	246,812	266,164
Less: noncontrolling interests in depreciation and amortization—consolidated joint ventures	(19,928)	(18,561)	(18,022)	(17,979)	(7,871)
Depreciation and amortization—unconsolidated joint ventures(1)	86,866	96,228	115,431	109,906	106,435
Less: depreciation on personal property	(11,900)	(12,861)	(13,928)	(14,436)	(13,740)
FFO—basic and diluted	527,574	577,862	399,559	351,308	380,043
Shoppingtown Mall	—	422	3,491	—	—
Valley View Center	—	(101,105)	8,786	—	—
Prescott Gateway	—	(16,296)	—	—	—
AFFO and AFFO—diluted	$527,574	$460,883	$411,836	$351,308	$380,043
Weighted average number of FFO shares outstanding for:					
FFO—basic(2)	149,444	144,937	142,986	132,283	93,010
Adjustments for the impact of dilutive securities in computing FFO—diluted:					
Share and unit-based compensation	82	—	—	—	—
FFO—diluted(3)	149,526	144,937	142,986	132,283	93,010

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

(2) Calculated based upon basic net income as adjusted to reach basic FFO. During the years ended December 31, 2013, 2012, 2011, 2010 and 2009, there were 9.8 million, 10.9 million, 11.4 million, 11.6 million and 11.8 million OP Units outstanding, respectively.

(3) The computation of FFO and AFFO—diluted shares outstanding includes the effect of share and unit-based compensation plans and the Senior Notes 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 and AFFO-diluted computation.

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ITEM 7A. 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 December 31, 2013 concerning the Company's long term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value ("FV") (dollars in thousands):

	For the years ending December 31,							
	2014	2015	2016	2017	2018	Thereafter	Total	FV
CONSOLIDATED CENTERS:								
Long term debt:								
Fixed rate	$74,253	$507,350	$421,630	$69,312	$696,435	$2,344,969	$4,113,949	$4,201,08
Average interest rate	3.88 %	5.56 %	5.40 %	3.67 %	3.38 %	4.04 %	4.25 %	
Floating rate	90,000	—	67,500	156,278	155,000	—	468,778	461,226
Average interest rate	2.72 %	— %	2.00 %	2.98 %	2.38 %	— %	2.59 %	
Total debt—Consolidated Centers	$164,253	$507,350	$489,130	$225,590	$851,435	$2,344,969	$4,582,727	$4,662,30
UNCONSOLIDATED JOINT VENTURE CENTERS:								
Long term debt (at Company's pro rata share):								
Fixed rate	$50,786	$217,219	$274,705	$66,131	$105,144	$920,011	$1,633,996	$1,663,30
Average interest rate	6.66 %	5.55 %	6.59 %	4.45 %	4.39 %	3.70 %	4.60 %	
Floating rate	563	14,312	26,067	1,137	73,864	—	115,943	114,304
Average interest rate	2.31 %	3.06 %	3.37 %	2.20 %	2.23 %	— %	2.59 %	
Total debt—Unconsolidated Joint Venture Centers	$51,349	$231,531	$300,772	$67,268	$179,008	$920,011	$1,749,939	$1,777,61

The Consolidated Centers' total fixed rate debt at December 31, 2013 and 2012 was $4.1 billion and $3.7 billion, respectively. The average interest rate on such fixed rate debt at December 31, 2013 and 2012 was 4.25% and 4.40%, respectively. The Consolidated Centers' total floating rate debt at December 31, 2013 and 2012 was $0.5 billion and $1.5 billion, respectively. The average interest rate on floating rate debt at December 31, 2013 and 2012 was 2.59% and 3.05%, respectively.

The Company's pro rata share of the Unconsolidated Joint Venture Centers' fixed rate debt at December 31, 2013 and 2012 was $1.6 billion and $1.5 billion, respectively. The average interest rate on such fixed rate debt at December 31, 2013 and 2012 was 4.60% and 5.27%, respectively. The Company's pro rata share of the Unconsolidated Joint Venture Centers' floating rate debt at December 31, 2013 and 2012 was $115.9 million and $178.3 million, respectively. The average interest rate on such floating rate debt at December 31, 2013 and 2012 was 2.59% and 3.69%, 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 (See Note 5—Derivative Instruments and Hedging Activities in the Company's Notes to the Consolidated Financial Statements). 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 December 31, 2013, the Company did not have any interest rate cap or swap agreements in place.

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 $5.8 million per year based on $584.7 million of floating rate debt outstanding at December 31, 2013.

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).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to the Index to Financial Statements and Financial Statement Schedules for the required information appearing in Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Conclusion Regarding Effectiveness of Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), 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 Annual Report on Form 10-K. Based on their evaluation as of December 31, 2013, 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 Exchange Act) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act 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.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in Internal Control—Integrated Framework (1992). The Company's management concluded that, as of December 31, 2013, its internal control over financial reporting was effective based on this assessment.
KPMG LLP, the independent registered public accounting firm that audited the Company's 2013, 2012 and 2011 consolidated financial statements included in this Annual Report on Form 10-K, has issued a report on the Company's internal control over financial reporting which follows below.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of
The Macerich Company:

We have audited The Macerich Company's (the “Company”) internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, The Macerich Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of the Company as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, equity and redeemable noncontrolling interests and cash flows for each of the years in the three-year period ended December 31, 2013, and the related financial statement schedule III - Real Estate and Accumulated Depreciation, and our report dated February 21, 2014 expressed an unqualified opinion on those consolidated financial statements and the financial statement schedule.

/s/ KPMG LLP

Los Angeles, California
February 21, 2014

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ITEM 9B. OTHER INFORMATION

Additional Material Federal Income Tax Considerations

The following is a summary of certain additional material federal income tax considerations with respect to the ownership of the Company's shares of common stock. This summary supplements and should be read together with “Material United States Federal Income Tax Considerations” in the prospectus dated September 9, 2011 and filed as part of a registration statement on Form S-3 (No. 333-176762), as supplemented by “Supplemental Material United States Federal Income Tax Considerations” in the prospectus supplement thereto, dated August 17, 2012.

FATCA Withholding

Pursuant to Sections 1471 through 1474 of the Code and the U.S. Treasury regulations promulgated thereunder (“FATCA”), beginning after June 30, 2014, a U.S. withholding tax will be imposed at a rate of 30% on dividends paid on the Company's common stock received by or through certain foreign financial institutions (as defined by FATCA) that fail to comply with certain information reporting obligations relating to U.S. persons that either have accounts with such institutions or own certain debt or equity interests in such institutions. Similarly, dividends in respect of the Company's common stock held by a stockholder that is a non-financial non-U.S. entity may be subject to withholding at a rate of 30% unless such entity either (i) certifies that such entity does not have any “substantial United States owners” or (ii) provides certain information regarding its “substantial United States owners,” which the Company will in turn provide to the Secretary of the Treasury. Accordingly, a stockholder could be subject to FATCA withholding with respect to dividends received with respect to our common stock either because such stockholder (A) is a foreign financial institution or non-financial non-U.S. entity that fails to comply with the information reporting obligations mentioned above or (B) holds our common stock through a non-U.S. intermediary (e.g., a foreign bank or broker) that fails to comply with these requirements (regardless of whether such stockholder, itself, complies with these requirements). In addition, in the cases described above, 30% withholding will also apply to gross proceeds from the disposition of the Company's common stock occurring after December 31, 2016. Certain countries have entered into, and other countries are expected to enter into, intergovernmental agreements with the United States to facilitate the type of information reporting required under FATCA. While the existence of these intergovernmental agreements is expected to reduce the risk of FATCA withholding for non-U.S. stockholders resident in (or stockholders holding our common stock through financial institutions resident in) those countries, such agreements will not eliminate that risk. Neither the Company nor any intermediary will pay any additional amounts in respect of any amounts withheld. Prospective investors are, therefore, urged to consult their tax advisors regarding the impact of FATCA on their investment in our common stock.

Recent Legislation

Pursuant to recently enacted legislation, as of January 1, 2013, (1) the maximum tax rate on “qualified dividend income” received by U.S. stockholders taxed at individual rates is 20%, (2) the maximum tax rate on long-term capital gain applicable to U.S. stockholders taxed at individual rates is 20%, and (3) the highest marginal individual income tax rate is 39.6%. Pursuant to such legislation, the backup withholding rate remains at 28%. Such legislation also makes permanent certain federal income tax provisions that were scheduled to expire on December 31, 2012. Stockholders are urged to consult their tax advisors regarding the impact of this legislation on the purchase, ownership and sale of the Company's common stock.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

There is hereby incorporated by reference the information which appears under the captions "Information Regarding our Director Nominees," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance" and "Audit Committee Matters" in the Company's definitive proxy statement for its 2014 Annual Meeting of Stockholders that is responsive to the information required by this Item.

The Company has adopted a Code of Business Conduct and Ethics that provides principles of conduct and ethics for its directors, officers and employees. This Code complies with the requirements of the Sarbanes-Oxley Act of 2002 and applicable rules of the Securities and Exchange Commission and the New York Stock Exchange. In addition, the Company has adopted a Code of Ethics for its CEO and senior financial officers which supplements the Code of Business Conduct and Ethics applicable to all employees and complies with the additional requirements of the

Sarbanes-Oxley Act of 2002 and applicable rules of the Securities and Exchange Commission. To the extent required by applicable rules of the Securities and Exchange Commission and the New York Stock Exchange, the Company intends to promptly disclose future amendments to certain

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provisions of these Codes or waivers of such provisions granted to directors and executive officers, including the Company's principal executive officer, principal financial officer, principal accounting officer or persons performing similar functions, on the Company's website at www.macerich.com under "Investing—Corporate Governance-Code of Ethics." Each of these Codes of Conduct is available on the Company's website at www.macerich.com under "Investing—Corporate Governance."

During 2013, there were no material changes to the procedures described in the Company's proxy statement relating to the 2013 Annual Meeting of Stockholders by which stockholders may recommend nominees to the Company.

ITEM 11. EXECUTIVE COMPENSATION

There is hereby incorporated by reference the information which appears under the caption "Election of Directors" in the Company's definitive proxy statement for its 2014 Annual Meeting of Stockholders that is responsive to the information required by this Item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

There is hereby incorporated by reference the information which appears under the captions "Principal Stockholders," "Information Regarding Our Director Nominees," "Executive Officers" and "Equity Compensation Plan Information" in the Company's definitive proxy statement for its 2014 Annual Meeting of Stockholders that is responsive to the information required by this Item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

There is hereby incorporated by reference the information which appears under the captions "Certain Transactions" and "The Board of Directors and its Committees" in the Company's definitive proxy statement for its 2014 Annual Meeting of Stockholders that is responsive to the information required by this Item.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

There is hereby incorporated by reference the information which appears under the captions "Principal Accountant Fees and Services" and "Audit Committee Pre-Approval Policy" in the Company's definitive proxy statement for its 2014 Annual Meeting of Stockholders that is responsive to the information required by this Item.

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PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULE

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Report of Independent Registered Public Accounting Firm
The Board of Directors and Stockholders of
The Macerich Company:

We have audited the accompanying consolidated balance sheets of The Macerich Company and subsidiaries (the “Company”) as of December 31, 2013 and 2012, and the related consolidated statements of operations, comprehensive income, equity and redeemable noncontrolling interests and cash flows for each of the years in the three year period ended December 31, 2013. In connection with our audits of the consolidated financial statements, we have also audited the financial statement schedule III - Real Estate and Accumulated Depreciation. These consolidated financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Macerich Company and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule III - Real Estate and Accumulated Depreciation, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 21, 2014, expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
Los Angeles, California
February 21, 2014

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THE MACERICH COMPANY
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except par value)

	December 31, 2013	2012
ASSETS:		
Property, net	$7,621,766	$7,479,546
Cash and cash equivalents	69,715	65,793
Restricted cash	16,843	78,658
Marketable securities	—	23,667
Tenant and other receivables, net	99,497	103,744
Deferred charges and other assets, net	533,058	565,130
Loans to unconsolidated joint ventures	2,756	3,345
Due from affiliates	30,132	17,068
Investments in unconsolidated joint ventures	701,483	974,258
Total assets	$9,075,250	$9,311,209
LIABILITIES AND EQUITY:		
Mortgage notes payable:		
Related parties	$269,381	$274,609
Others	4,145,809	4,162,734
Total	4,415,190	4,437,343
Bank and other notes payable	167,537	824,027
Accounts payable and accrued expenses	76,941	70,251
Other accrued liabilities	363,158	318,174
Distributions in excess of investments in unconsolidated joint ventures	252,192	152,948
Co-venture obligation	81,515	92,215
Total liabilities	5,356,533	5,894,958
Commitments and contingencies		
Equity:		
Stockholders' equity:		
Common stock, $0.01 par value, 250,000,000 shares authorized, 140,733,683 and 137,507,010 shares issued and outstanding at December 31, 2013 and 2012, respectively	1,407	1,375
Additional paid-in capital	3,906,148	3,715,895
Accumulated deficit	(548,806)	(639,741)
Total stockholders' equity	3,358,749	3,077,529
Noncontrolling interests	359,968	338,722
Total equity	3,718,717	3,416,251
Total liabilities and equity	$9,075,250	$9,311,209

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

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THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share amounts)

	For The Years Ended December 31,		
	2013	2012	2011
Revenues:			
Minimum rents	$578,113	$447,321	$381,274
Percentage rents	23,156	21,388	16,818
Tenant recoveries	337,772	247,593	215,872
Management Companies	40,192	41,235	40,404
Other	50,242	39,980	30,376
Total revenues	1,029,475	797,517	684,744
Expenses:			
Shopping center and operating expenses	329,795	251,923	213,832
Management Companies' operating expenses	93,461	85,610	86,587
REIT general and administrative expenses	27,772	20,412	21,113
Depreciation and amortization	357,165	277,621	227,980
	808,193	635,566	549,512
Interest expense:			
Related parties	15,016	15,386	16,743
Other	182,231	149,006	150,506
	197,247	164,392	167,249
(Gain) loss on extinguishment of debt, net	(1,432)	—	1,485
Total expenses	1,004,008	799,958	718,246
Equity in income of unconsolidated joint ventures	167,580	79,281	294,677
Co-venture expense	(8,864)	(6,523)	(5,806)
Income tax benefit	1,692	4,159	6,110
(Loss) gain on remeasurement, sale or write down of assets, net	(26,852)	228,690	(22,037)
Income from continuing operations	159,023	303,166	239,442
Discontinued operations:			
Gain (loss) on disposition of assets, net	286,414	50,811	(67,333)
Income (loss) from discontinued operations	3,522	12,412	(3,034)
Total income (loss) from discontinued operations	289,936	63,223	(70,367)
Net income	448,959	366,389	169,075
Less net income attributable to noncontrolling interests	28,869	28,963	12,209
Net income attributable to the Company	$420,090	$337,426	$156,866
Earnings per common share attributable to Company—basic:			
Income from continuing operations	$1.07	$2.07	$1.67
Discontinued operations	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.01	$2.51	$1.18
Earnings per common share attributable to Company—diluted:			
Income from continuing operations	$1.06	$2.07	$1.67
Discontinued operations	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.00	$2.51	$1.18
Weighted average number of common shares outstanding:			
Basic	139,598,000	134,067,000	131,628,000
Diluted	139,680,000	134,148,000	131,628,000

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

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THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Dollars in thousands)

	For The Years Ended December 31,		
	2013	2012	2011
Net income	$ 448,959	$ 366,389	$ 169,075
Other comprehensive income:			
Interest rate swap/cap agreements	—	—	3,237
Comprehensive income	448,959	366,389	172,312
Less comprehensive income attributable to noncontrolling interests	28,869	28,963	12,209
Comprehensive income attributable to the Company	$ 420,090	$ 337,426	$ 160,103

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

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THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS
(Dollars in thousands, except per share data)

	Stockholders' Equity Common Stock								
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at January 1, 2011	130,452,032	$1,304	$3,456,569	$(564,357)	$(3,237)	$2,890,279	$297,717	$3,187,996	$11,366
Net income	—	—	—	156,866	—	156,866	12,044	168,910	165
Interest rate swap/cap agreements	—	—	—	—	3,237	3,237	—	3,237	—
Amortization of share and unit-based plans	597,415	6	18,513	—	—	18,519	—	18,519	—
Exercise of stock options	10,800	—	266	—	—	266	—	266	—
Exercise of stock warrants	—	—	(1,278)	—	—	(1,278)	—	(1,278)	—
Employee stock purchases	17,285	—	766	—	—	766	—	766	—
Distributions paid ($2.05) per share	—	—	—	(271,140)	—	(271,140)	—	(271,140)	—
Distributions to noncontrolling interests	—	—	—	—	—	—	(25,643)	(25,643)	(165)
Contributions from noncontrolling interests	—	—	—	—	—	—	78,921	78,921	—
Other	—	—	4,139	—	—	4,139	—	4,139	—
Conversion of noncontrolling interests to common shares	1,075,912	11	21,687	—	—	21,698	(21,698)	—	—
	—	—	(26)	—	—	(26)	(16)	(42)	(11,366)

Redemption of noncontrolling interests									
Adjustment of noncontrolling interest in Operating Partnership	—	—	(9,989)	—	—	(9,989)	9,989	—	—
Balance at December 31, 2011	132,153,444	$1,321	$3,490,647	$(678,631)	$—	$2,813,337	$351,314	$3,164,651	$—

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

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THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS (Continued)
(Dollars in thousands, except per share data)

	Stockholders' Equity							
	Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2011	132,153,444	$1,321	$3,490,647	$(678,631)	$2,813,337	$351,314	$3,164,651	$—
Net income	—	—	—	337,426	337,426	28,963	366,389	—
Amortization of share and unit-based plans	566,717	6	14,964	—	14,970	—	14,970	—
Exercise of stock options	10,800	—	307	—	307	—	307	—
Exercise of stock warrants	—	—	(7,371)	—	(7,371)	—	(7,371)	—
Employee stock purchases	20,372	—	956	—	956	—	956	—
Stock offering, net	2,961,903	30	175,619	—	175,649	—	175,649	—
Stock issued to acquire property	535,265	5	29,995	—	30,000	—	30,000	—
Distributions paid ($2.23) per share	—	—	—	(298,536)	(298,536)	—	(298,536)	—
Distributions to noncontrolling interests	—	—	—	—	—	(30,694)	(30,694)	—
Contributions from noncontrolling interests	—	—	—	—	—	605	605	—
Other	—	—	(589)	—	(589)	—	(589)	—
Conversion of noncontrolling interests to common shares	1,258,509	13	26,978	—	26,991	(26,991)	—	—
Redemption of noncontrolling interests	—	—	(58)	—	(58)	(28)	(86)	—
Adjustment of noncontrolling interest in Operating Partnership	—	—	(15,553)	—	(15,553)	15,553	—	—
Balance at December 31, 2012	137,507,010	$1,375	$3,715,895	$(639,741)	$3,077,529	$338,722	$3,416,251	$—

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

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THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF EQUITY AND
REDEEMABLE NONCONTROLLING INTERESTS (Continued)
(Dollars in thousands, except per share data)

	Stockholders' Equity Common Stock							
	Shares	Par Value	Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity	Noncontrolling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2012	137,507,010	$1,375	$3,715,895	$(639,741)	$3,077,529	$338,722	$3,416,251	$—
Net income	—	—	—	420,090	420,090	28,869	448,959	—
Amortization of share and unit-based plans	88,039	—	28,122	—	28,122	—	28,122	—
Exercise of stock options	2,700	—	99	—	99	—	99	—
Employee stock purchases	22,112	—	1,089	—	1,089	—	1,089	—
Stock offerings, net	2,456,956	25	171,077	—	171,102	—	171,102	—
Distributions paid ($2.36) per share	—	—	—	(329,155)	(329,155)	—	(329,155)	—
Distributions to noncontrolling interests	—	—	—	—	—	(31,202)	(31,202)	—
Contributions from noncontrolling interests	—	—	—	—	—	18,079	18,079	—
Other	—	—	(3,561)	—	(3,561)	—	(3,561)	—
Conversion of noncontrolling interests to common shares	656,866	7	12,977	—	12,984	(12,984)	—	—
Redemption of noncontrolling interests	—	—	(733)	—	(733)	(333)	(1,066)	—
Adjustment of noncontrolling interest in Operating Partnership	—	—	(18,817)	—	(18,817)	18,817	—	—
Balance at December 31, 2013	140,733,683	$1,407	$3,906,148	$(548,806)	$3,358,749	$359,968	$3,718,717	$—

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

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

	For the Years Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net income	$448,959	$366,389	$169,075
Adjustments to reconcile net income to net cash provided by operating activities:			
(Gain) loss on early extinguishment of debt, net	(1,432)	—	1,485
Loss (gain) on remeasurement, sale or write down of assets, net	26,852	(228,690)	22,037
(Gain) loss on disposition of assets, net from discontinued operations	(286,414)	(50,811)	58,333
Depreciation and amortization	383,002	322,720	282,643
Amortization of net (premium) discount on mortgages, bank and other notes payable	(6,822)	(1,600)	9,060
Amortization of share and unit-based plans	24,207	12,324	12,288
Straight-line rent adjustment	(7,987)	(6,698)	(5,398)
Amortization of above and below-market leases	(6,726)	(5,405)	(9,723)
Provision for doubtful accounts	4,150	3,329	3,212
Income tax benefit	(1,692)	(4,159)	(6,110)
Equity in income of unconsolidated joint ventures	(167,580)	(79,281)	(294,677)
Co-venture expense	8,864	6,523	5,806
Distributions of income from unconsolidated joint ventures	8,538	29,147	12,778
Changes in assets and liabilities, net of acquisitions and dispositions:			
Tenant and other receivables	(5,482)	(2,554)	(2,651)
Other assets	7,761	(17,094)	(8,081)
Due from affiliates	266	(1,181)	3,106
Accounts payable and accrued expenses	(747)	13,430	(11,797)
Other accrued liabilities	(5,682)	(5,093)	(4,101)
Net cash provided by operating activities	422,035	351,296	237,285
Cash flows from investing activities:			
Acquisition of properties	(516,239)	(1,061,851)	(125,105)
Development, redevelopment, expansion and renovation of properties	(158,682)	(142,210)	(58,932)
Property improvements	(51,683)	(45,654)	(62,974)
Redemption of redeemable non-controlling interests	—	—	(11,366)
Proceeds from note receivable	8,347	—	—
Issuance of notes receivable	(13,330)	(12,500)	—
Proceeds from maturities of marketable securities	23,769	1,378	1,362
Deposit on acquisition of property	—	(30,000)	—
Deferred leasing costs	(27,669)	(30,614)	(33,955)
Distributions from unconsolidated joint ventures	715,825	322,242	215,651
Contributions to unconsolidated joint ventures	(195,675)	(95,358)	(155,351)
Collections of/loans to unconsolidated joint ventures, net	589	650	(900)
Proceeds from sale of assets	416,077	136,707	16,960
Restricted cash	70,538	(6,164)	2,524
Net cash provided by (used in) investing activities	271,867	(963,374)	(212,086)

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

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

	For the Years Ended December 31,		
	2013	2012	2011
Cash flows from financing activities:			
Proceeds from mortgages, bank and other notes payable	2,572,764	3,193,451	757,000
Payments on mortgages, bank and other notes payable	(3,051,072)	(2,371,890)	(627,369)
Repurchase of convertible senior notes	—	—	(180,314)
Deferred financing costs	(11,966)	(15,108)	(18,976)
Proceeds from share and unit-based plans	1,188	1,263	1,032
Net proceeds from stock offerings	171,102	175,649	—
Exercise of stock warrants	—	(7,371)	(1,278)
Redemption of noncontrolling interests	(1,066)	(86)	(42)
Contributions from noncontrolling interests	4,140	379	4,204
Dividends and distributions	(355,506)	(326,185)	(296,948)
Distributions to co-venture partner	(19,564)	(39,479)	(40,905)
Net cash (used in) provided by financing activities	(689,980)	610,623	(403,596)
Net increase (decrease) in cash and cash equivalents	3,922	(1,455)	(378,397)
Cash and cash equivalents, beginning of year	65,793	67,248	445,645
Cash and cash equivalents, end of year	$69,715	$65,793	$67,248
Supplemental cash flow information:			
Cash payments for interest, net of amounts capitalized	$205,958	$181,971	$175,902
Non-cash investing and financing activities:			
Accrued development costs included in accounts payable and accrued expenses and other accrued liabilities	$41,334	$26,322	$13,291
Mortgage notes payable settled in deed-in-lieu of foreclosure	$84,000	$185,000	$38,968
Conversion of Operating Partnership Units to common stock	$12,984	$26,991	$21,698
Acquisition of properties by assumption of mortgage note payable and other accrued liabilities	$257,064	$420,123	$192,566
Mortgage notes payable assumed by buyers in sale of properties	$224,737	$—	$—
Assumption of mortgage notes payable and other liabilities from unconsolidated joint ventures	$54,271	$—	$240,537
Application of deposit to acquire property	$30,000	$—	$—
Acquisition of property by issuance of common stock	$—	$30,000	$—
Property distributed from unconsolidated joint venture	$—	$—	$445,004
Contribution of development rights from noncontrolling interests	$—	$—	$74,717
Disposition of property in exchange for investments in unconsolidated joint ventures	$—	$—	$56,952

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

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THE MACERICH COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

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 December 31, 2013, the Company was the sole general partner of and held a 93% ownership interest in The Macerich Partnership, L.P. (the "Operating Partnership"). The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code").
The property management, leasing and redevelopment of the Company's portfolio is provided by the Company's management companies, Macerich Property Management Company, LLC, a single member Delaware limited liability company, Macerich Management Company, a California corporation, Macerich Arizona Partners LLC, a single member Arizona limited liability company, Macerich Arizona Management LLC, a single member Delaware limited liability company, Macerich Partners of Colorado, LLC, a 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."
2. Summary of Significant Accounting Policies:
Basis of Presentation:
These consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in the United States of America. The accompanying consolidated financial statements include the accounts of the Company and the Operating Partnership. Investments in entities in which the Company has a controlling financial interest or entities that meet the definition of a variable interest entity in which the Company has, as a result of ownership, contractual or other financial interests, both the power to direct activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the variable interest entity are consolidated; otherwise they are accounted for under the equity method of accounting and are reflected as investments in unconsolidated joint ventures. All intercompany accounts and transactions have been eliminated in the consolidated financial statements.
Cash and Cash Equivalents and Restricted Cash:
The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, for which cost approximates fair value. Restricted cash includes impounds of property taxes and other capital reserves required under loan agreements.
Revenues:
Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight-line rent adjustment." Minimum rents were increased by $7,498, $5,399 and $4,557 due to the straight-line rent adjustment during the years ended December 31, 2013, 2012 and 2011, respectively. Percentage rents are recognized and accrued when tenants' specified sales targets have been met.
Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the term of the related leases.
The Management Companies provide property management, leasing, corporate, development, redevelopment and acquisition services to affiliated and non-affiliated shopping centers. In consideration for these services, the

Management Companies receive monthly management fees generally ranging from 1.5% to 5% of the gross monthly rental revenue of the properties managed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)
2. Summary of Significant Accounting Policies: (Continued)

Property:
Maintenance and repair expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc., are capitalized and depreciated over their estimated useful lives. Gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings.
Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	5 - 40 years
Tenant improvements	5 - 7 years
Equipment and furnishings	5 - 7 years

Capitalization of Costs:
The Company capitalizes costs incurred in redevelopment, development, renovation and improvement of properties. The capitalized costs include pre-construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. These capitalized costs include direct and certain indirect costs clearly associated with the project. Indirect costs include real estate taxes, insurance and certain shared administrative costs. In assessing the amounts of direct and indirect costs to be capitalized, allocations are made to projects based on estimates of the actual amount of time spent on each activity. Indirect costs not clearly associated with specific projects are expensed as period costs. Capitalized indirect costs are allocated to development and redevelopment activities based on the square footage of the portion of the building not held available for immediate occupancy. If costs and activities incurred to ready the vacant space cease, then cost capitalization is also discontinued until such activities are resumed. Once work has been completed on a vacant space, project costs are no longer capitalized. For projects with extended lease-up periods, the Company ends the capitalization when significant activities have ceased, which does not exceed the shorter of a one-year period after the completion of the building shell or when the construction is substantially complete.
Investment in Unconsolidated Joint Ventures:
The Company accounts for its investments in joint ventures using the equity method of accounting unless the Company has a controlling financial interest in the joint venture or the joint venture meets the definition of a variable interest entity in which the Company is the primary beneficiary through both its power to direct activities that most significantly impact the economic performance of the variable interest entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the variable interest entity. Although the Company has a greater than 50% interest in Corte Madera Village, LLC, Pacific Premier Retail LP and Queens JV LP, the Company does not have a controlling financial interest in these joint ventures as it shares management control with the partners in these joint ventures and, therefore, accounts for its investments in these joint ventures using the equity method of accounting.
Acquisitions:
The Company allocates the estimated fair value of acquisitions to land, building, tenant improvements and identified intangible assets and liabilities, based on their estimated fair values. In addition, any assumed mortgage notes payable are recorded at their estimated fair values. The estimated fair value of the land and buildings is determined utilizing an “as if vacant” methodology. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with “cost avoidance” of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company's markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the “assumed vacant” property to the occupancy level when purchased; and (iii) above or below market value of in-place

leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus an estimate of renewal of the acquired leases. Above or below market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below market leases may include certain below market fixed-rate renewal periods. In considering whether or not a lessee will execute a below market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the center, the Company's relationship with the tenant and the availability of competing tenant space.

The Company immediately expenses costs associated with business combinations as period costs.

Marketable Securities:

The Company accounted for its investments in marketable debt securities as held-to-maturity securities as the Company had the intent and the ability to hold these securities until maturity. Accordingly, investments in marketable securities were carried at their amortized cost. The discount on marketable securities was amortized into interest income on a straight-line basis over the term of the notes, which approximates the effective interest method.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the lease agreement using the straight-line method. As these deferred leasing costs represent productive assets incurred in connection with the Company's leasing arrangements at the Centers, the related cash flows are classified as investing activities within the accompanying Consolidated Statements of Cash Flows. Costs relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method.

The range of the terms of the agreements is as follows:

Deferred lease costs	1 - 15 years
Deferred financing costs	1 - 15 years

Accounting for Impairment:

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

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

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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2. Summary of Significant Accounting Policies: (Continued)

Derivative Instruments and Hedging Activities:
The Company recognizes all derivatives in the consolidated financial statements and measures the derivatives at fair value. The Company uses interest rate swap and cap agreements (collectively, "interest rate agreements") in the normal course of business to manage or reduce its exposure to adverse fluctuations in interest rates. The Company designs its hedges to be effective in reducing the risk exposure that they are designated to hedge. Any instrument that meets the cash flow hedging criteria is formally designated as a cash flow hedge at the inception of the derivative contract. On an ongoing quarterly basis, the Company adjusts its balance sheet to reflect the current fair value of its derivatives. To the extent they are effective, changes in fair value are recorded in comprehensive income. Ineffective portions, if any, are included in net income (loss).
Amounts paid (received) as a result of interest rate agreements are recorded as an addition (reduction) to (of) interest expense.
If any derivative instrument used for risk management does not meet the hedging criteria, it is marked-to-market each period with the change in value included in the consolidated statements of operations.
Share and Unit-based Compensation Plans:
The cost of share and unit-based compensation awards is measured at the grant date based on the calculated fair value of the awards and is recognized on a straight-line basis over the requisite service period, which is generally the vesting period of the awards. For market-indexed LTIP awards, compensation cost is recognized under the graded attribution method.
Income Taxes:
The Company elected to be taxed as a REIT under the Code commencing with its taxable year ended December 31, 1994. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its taxable income to its stockholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on taxable income it distributes currently to its stockholders. If the Company fails to qualify as a REIT in any taxable year, then it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income, if any.
Each partner is taxed individually on its share of partnership income or loss, and accordingly, no provision for federal and state income tax is provided for the Operating Partnership in the consolidated financial statements. 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.
Deferred tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the financial statements or tax returns. Under this method, deferred tax assets and liabilities are determined based on the differences between the financial reporting and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The deferred tax assets and liabilities of the TRSs relate primarily to differences in the book and tax bases of property and to operating loss carryforwards for federal and state income tax purposes. A valuation allowance for deferred tax assets is provided if the Company believes it is more likely than not that all or some portion of the deferred tax assets will not be realized. Realization of deferred tax assets is dependent on the Company generating sufficient taxable income in future periods.
Segment Information:
The Company currently operates in one business segment, the acquisition, ownership, development, redevelopment, management and leasing of regional and community shopping centers. Additionally, the Company operates in one geographic area, the United States.

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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 are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

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

The fair values of interest rate agreements are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates fell below or rose above the strike rate of the interest rate agreements. The variable interest rates used in the calculation of projected receipts on the interest rate agreements are based on an expectation of future interest rates derived from observable market interest rate curves and 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. In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees.

Concentration of Risk:

The Company maintains its cash accounts in a number of commercial banks. Accounts at these banks are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $250. At various times during the year, the Company had deposits in excess of the FDIC insurance limit.

No Center or tenant generated more than 10% of total revenues during the years ended December 31, 2013, 2012 or 2011.

Management Estimates:

The preparation of 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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(Dollars in thousands, except per share amounts)

3. Earnings Per Share ("EPS"):
The following table reconciles the numerator and denominator used in the computation of earnings per share for the years ended December 31 (shares in thousands):

	2013	2012	2011
Numerator			
Income from continuing operations	$159,023	$303,166	$239,442
Income (loss) from discontinued operations	289,936	63,223	(70,367)
Net income attributable to noncontrolling interests	(28,869)	(28,963)	(12,209)
Net income attributable to the Company	420,090	337,426	156,866
Allocation of earnings to participating securities	(397)	(577)	(1,436)
Numerator for basic and diluted earnings per share—net income attributable to common stockholders	$419,693	$336,849	$155,430
Denominator			
Denominator for basic earnings per share—weighted average number of common shares outstanding	139,598	134,067	131,628
Effect of dilutive securities (1)			
Stock warrants	—	63	—
Share and unit based compensation	82	18	—
Denominator for diluted earnings per share—weighted average number of common shares outstanding	139,680	134,148	131,628
Earnings per common share—basic:			
Income from continuing operations	$1.07	$2.07	$1.67
Discontinued operations	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.01	$2.51	$1.18
Earnings per common share—diluted:			
Income from continuing operations	$1.06	$2.07	$1.67
Discontinued operations	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.00	$2.51	$1.18

(1) The convertible senior notes ("Senior Notes") are excluded from diluted EPS for the years ended December 31, 2012 and 2011 as their effect would be antidilutive. The Senior Notes were paid off in full on March 15, 2012 (See Note 11— Bank and Other Notes Payable).

Diluted EPS excludes 184,304, 193,945 and 208,640 convertible preferred units for the years ended December 31, 2013, 2012 and 2011, respectively, as their impact was antidilutive.

Diluted EPS excludes 1,203,280 of unexercised stock appreciation rights for the year ended December 31, 2011 as their effect was antidilutive.

Diluted EPS excludes 94,685 of unexercised stock options for the year ended December 31, 2011 as their effect was antidilutive.

Diluted EPS excludes 935,650 of unexercised stock warrants for the year ended December 31, 2011 as their effect was antidilutive.

Diluted EPS excludes 9,845,602 and 10,870,454 and 11,356,922 Operating Partnership units ("OP Units") for the years ended December 31, 2013, 2012 and 2011, respectively, as their effect was antidilutive.

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THE MACERICH COMPANY
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4. Investments in Unconsolidated Joint Ventures:

The following are the Company's investments in various joint ventures with third parties. The Company's ownership interest in each joint venture as of December 31, 2013 was as follows:

Joint Venture	Ownership %(1)	
Biltmore Shopping Center Partners LLC	50.0	%
Coolidge Holding LLC	37.5	%
Corte Madera Village, LLC	50.1	%
Jaren Associates #4	12.5	%
Kierland Commons Investment LLC	50.0	%
La Sandia Santa Monica LLC	50.0	%
Macerich Northwestern Associates—Broadway Plaza	50.0	%
MetroRising AMS Holding LLC	15.0	%
North Bridge Chicago LLC	50.0	%
One Scottsdale Investors LLC	50.0	%
Pacific Premier Retail LP	51.0	%
Propcor Associates	25.0	%
Propcor II Associates, LLC—Boulevard Shops	50.0	%
Queens JV LP	51.0	%
Scottsdale Fashion Square Partnership	50.0	%
The Market at Estrella Falls LLC	39.7	%
Tysons Corner LLC	50.0	%
Tysons Corner Property Holdings II LLC	50.0	%
Tysons Corner Property LLC	50.0	%
West Acres Development, LLP	19.0	%
Westcor/Gilbert, L.L.C.	50.0	%
Westcor/Queen Creek LLC	37.9	%
Westcor/Surprise Auto Park LLC	33.3	%
Wilshire Boulevard—Tenants in Common	30.0	%
WMAP, L.L.C.—Atlas Park	50.0	%
WM Inland LP	50.0	%
Zengo Restaurant Santa Monica LLC	50.0	%

(1) The Company's ownership interest in this table reflects its legal ownership interest. Legal ownership may, at times, not equal the Company’s economic interest in the listed properties because of various provisions in certain joint venture agreements regarding distributions of cash flow based on capital account balances, allocations of profits and losses and payments of preferred returns. As a result, the Company’s actual economic interest (as distinct from its legal ownership interest) in certain of the properties could fluctuate from time to time and may not wholly align with its legal ownership interests. Substantially all of the Company’s joint venture agreements contain rights of first refusal, buy-sell provisions, exit rights, default dilution remedies and/or other break up provisions or remedies which are customary in real estate joint venture agreements and which may, positively or negatively, affect the ultimate realization of cash flow and/or capital or liquidation proceeds.

The Company has recently made the following investments and dispositions in unconsolidated joint ventures:
On February 24, 2011, the Company's joint venture in Kierland Commons Investment LLC (“KCI”) acquired an additional ownership interest in PHXAZ/Kierland Commons, L.L.C. (“Kierland Commons”), a 434,000 square foot regional shopping center in Scottsdale, Arizona, for $105,550. The Company's share of the purchase price consisted of a cash payment of $34,162 and the assumption of a pro rata share of debt of $18,613. As a result of this transaction, KCI increased its ownership interest in Kierland Commons from 49% to 100%. KCI accounted for the acquisition as a business combination achieved in stages and recognized a remeasurement gain of $25,019 based on the acquisition date fair value and its previously held investment in Kierland Commons. As a result of this transaction, the Company's ownership interest in KCI increased from 24.5% to 50%. The Company's pro rata share of the gain recognized by KCI was $12,510 and was included in equity in income from unconsolidated joint ventures.
On February 28, 2011, the Company in a 50/50 joint venture acquired The Shops at Atlas Park, a 381,000 square foot community center in Queens, New York, for a total purchase price of $53,750. The Company's share of the purchase price was $26,875. The results of The Shops at Atlas Park are included below for the period subsequent to the acquisition.
On February 28, 2011, the Company acquired the additional 50% ownership interest in Desert Sky Mall, an 891,000 square foot regional shopping center in Phoenix, Arizona, that it did not own for $27,625. The purchase price was funded by a cash payment of $1,875 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $25,750. Concurrent with the purchase of the partnership interest, the Company paid off the $51,500 loan on the property. Prior to the acquisition, the Company had accounted for its investment in Desert Sky Mall under the equity method. Since the date of acquisition, the Company has included Desert Sky Mall in its consolidated financial statements (See Note 15—Acquisitions).
On April 1, 2011, the Company's joint venture in SDG Macerich Properties, L.P. ("SDG Macerich") conveyed Granite Run Mall, a 1,033,000 square foot regional shopping center in Media, Pennsylvania, to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage note was non-recourse. The Company's pro rata share of gain on the extinguishment of debt was $7,753 and was included in equity in income from unconsolidated joint ventures.
On June 3, 2011, the Company entered into a transaction with General Growth Properties, Inc., whereby the Company acquired an additional 33.3% ownership interest in Arrowhead Towne Center, a 1,198,000 square foot regional shopping center in Glendale, Arizona, an additional 33.3% ownership interest in Superstition Springs Center, a 1,082,000 square foot regional shopping center in Mesa, Arizona, and an additional 50% ownership interest in the land under Superstition Springs Center ("Superstition Springs Land") that it did not own in exchange for six anchor locations, including five former Mervyn's stores (See Note 16—Discontinued Operations) and a cash payment of $75,000. As a result of this transaction, the Company owned a 66.7% ownership interest in Arrowhead Towne Center, a 66.7% ownership interest in Superstition Springs Center and a 100% ownership interest in Superstition Springs Land. Although the Company had a 66.7% ownership interest in Arrowhead Towne Center and Superstition Springs Center upon completion of the transaction, the Company did not have a controlling financial interest in these joint ventures due to the substantive participation rights of the outside partner and, therefore, continued to account for its investments in these joint ventures under the equity method of accounting. Accordingly, no remeasurement gain was recorded on the increase in ownership. The Company has consolidated its investment in Superstition Springs Land since the date of acquisition (See Note 15—Acquisitions) and recorded a remeasurement gain of $1,734 that was included in (loss) gain on remeasurement, sale or write down of assets, net as a result of the increase in ownership. This transaction is referred to herein as the "GGP Exchange".
On December 31, 2011, the Company and its joint venture partner reached agreement for the distribution and conveyance of interests in SDG Macerich that owned 11 regional shopping centers in a 50/50 partnership. Six of the eleven assets were distributed to the Company on December 31, 2011. The Company received 100% ownership of Eastland Mall, a 1,043,000 square foot regional shopping center in Evansville, Indiana, Lake Square Mall, a 559,000

square foot regional shopping center in Leesburg, Florida, SouthPark Mall, a 904,000 square foot regional shopping center in Moline, Illinois, Southridge Center, an 811,000 square foot community center in Des Moines, Iowa, NorthPark Mall, a 1,050,000 square foot regional shopping center in Davenport, Iowa and Valley Mall, a 504,000 square foot regional shopping center in Harrisonburg, Virginia (collectively referred to herein as the "SDG Acquisition Properties"). The ownership interests in the remaining five regional malls were distributed to the outside partner. The remaining net assets of SDG Macerich were distributed during the year ended December 31, 2012. The SDG Acquisition Properties were recorded at fair value at the date of transfer, which resulted in a gain to the Company of $188,264, which was included in equity in income of unconsolidated joint ventures, based on the fair value of the assets acquired and the liabilities assumed in excess of the book value of the Company's interest in SDG Macerich. The distribution and conveyance of the 11 regional shopping centers is referred to herein as the "SDG Transaction". Prior to the SDG Transaction, the Company accounted for its investment in the SDG Acquisition Properties under the equity method of accounting. Since the date of distribution and conveyance, the Company has included the SDG Acquisition Properties in its consolidated financial statements (See Note 15—Acquisitions).

On March 30, 2012, the Company sold its 50% ownership interest in Chandler Village Center, a 273,000 square foot community center in Chandler, Arizona, for a total sales price of $14,795, resulting in a gain of $8,184 that was included in(loss) gain on remeasurement, sale or write down of assets, net during the year ended December 31, 2012. The sales price was funded by a cash payment of $6,045 and the assumption of the Company's share of the mortgage note payable on the property of $8,750. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 30, 2012, the Company sold its 50% ownership interest in Chandler Festival, a 500,000 square foot community center in Chandler, Arizona, for a total sales price of $30,975, resulting in a gain of $12,347 that was included in (loss) gain on remeasurement, sale or write down of assets, net during the year ended December 31, 2012. The sales price was funded by a cash payment of $16,183 and the assumption of the Company's share of the mortgage note payable on the property of $14,792. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On March 30, 2012, the Company's joint venture in SanTan Village Power Center, a 491,000 square foot community center in Gilbert, Arizona, sold the property for $54,780, resulting in a gain to the joint venture of $23,294. The Company's share of the gain recognized was $11,502, which was included in equity in income of unconsolidated joint ventures, offset in part by $3,565 that was included in net income attributable to noncontrolling interests. The cash proceeds from the sale were used to pay off the $45,000 mortgage loan on the property and the remaining $9,780 was distributed to the partners. The Company used its share of the proceeds to pay down its line of credit and for general corporate purposes.

On May 31, 2012, the Company sold its 50% ownership interest in Chandler Gateway, a 260,000 square foot community center in Chandler, Arizona, for a total sales price of $14,315, resulting in a gain of $3,363 that was included in (loss) gain on remeasurement, sale or write down of assets, net during the year ended December 31, 2012. The sales price was funded by a cash payment of $4,921 and the assumption of the Company's share of the mortgage note payable on the property of $9,394. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 10, 2012, the Company sold its ownership interest in NorthPark Center, a 1,946,000 square foot regional shopping center in Dallas, Texas, for $118,810, resulting in a gain of $24,590 that was included in (loss) gain on remeasurement sale or write down of assets, net during the year ended December 31, 2012. The Company used the cash proceeds from the sale to pay down its line of credit.

On October 3, 2012, the Company acquired the 75% ownership interest in FlatIron Crossing, a 1,435,000 square foot regional shopping center in Broomfield, Colorado, that it did not own for $310,397. The purchase price was funded by a cash payment of $195,900 and the assumption of the third party's share of the mortgage note payable on the property of $114,497. Prior to the acquisition, the Company had accounted for its investment in FlatIron Crossing under the equity method. Since the date of acquisition, the Company has included FlatIron Crossing in its consolidated financial statements (See Note 15—Acquisitions).

On October 26, 2012, the Company acquired the remaining 33.3% ownership interest in Arrowhead Towne Center, a 1,198,000 square foot regional shopping center in Glendale, Arizona, that it did not own for $144,400. The purchase price was funded by a cash payment of $69,025 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $75,375. Prior to the acquisition, the Company had accounted for its investment in Arrowhead Towne Center under the equity method. Since the date of acquisition, the Company has included

Arrowhead Towne Center in its consolidated financial statements (See Note 15—Acquisitions).

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center Office, a 582,000 square foot office building in Redmond, Washington, for $185,000, resulting in a gain on the sale of assets of $89,157 to the joint venture. The Company's share of the gain was $44,424, which was included in equity in income of unconsolidated joint ventures during the year ended December 31, 2013. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

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On June 12, 2013, the Company's joint venture in Pacific Premier Retail LP sold Kitsap Mall, a 846,000 square foot regional shopping center in Silverdale, Washington, for $127,000, resulting in a gain on the sale of assets of $55,150 to the joint venture. The Company's share of the gain was $28,127, which was included in equity in income of unconsolidated joint ventures during the year ended December 31, 2013. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 1, 2013, the Company's joint venture in Pacific Premier Retail LP sold Redmond Town Center, a 695,000 square foot community center in Redmond, Washington, for $127,000, resulting in a gain on the sale of assets of $38,447 to the joint venture. The Company's share of the gain was $18,251, which was included in equity in income of unconsolidated joint ventures during the year ended December 31, 2013. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 17, 2013, the Company’s joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture. This transaction is referred to herein as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements (See Note 15—Acquisitions).

On October 8, 2013, the Company's joint venture in Ridgmar Mall, a 1,273,000 square foot regional shopping center in Fort Worth, Texas, sold the property for $60,900, resulting in a gain of $6,243 to the joint venture. The Company's share of the gain was $3,121, which was included in equity in income from joint ventures for the year ended December 31, 2013. The cash proceeds from the sale were used to pay off the $51,657 mortgage loan on the property and the remaining $9,243, net of closing costs, was distributed to the partners. The Company used its share of the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center that it did not own for $46,162. The purchase price was funded by a cash payment of $23,662 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $22,500. Prior to the acquisition, the Company had accounted for its investment in Superstition Springs Center under the equity method. Since the date of acquisition, the Company has included Superstition Springs Center in its consolidated financial statements (See Note 15—Acquisitions).

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)
4. Investments in Unconsolidated Joint Ventures: (Continued)

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures.
Combined and Condensed Balance Sheets of Unconsolidated Joint Ventures as of December 31:

	2013	2012
Assets(1):		
Properties, net	$3,435,737	$3,653,631
Other assets	295,719	411,862
Total assets	$3,731,456	$4,065,493
Liabilities and partners' capital(1):		
Mortgage notes payable(2)	$3,518,215	$3,240,723
Other liabilities	202,444	148,711
Company's capital	(25,367)	304,477
Outside partners' capital	36,164	371,582
Total liabilities and partners' capital	$3,731,456	$4,065,493
Investment in unconsolidated joint ventures:		
Company's capital	$(25,367)	$304,477
Basis adjustment(3)	474,658	516,833
	$449,291	$821,310
Assets—Investments in unconsolidated joint ventures	$701,483	$974,258
Liabilities—Distributions in excess of investments in unconsolidated joint ventures	(252,192)	(152,948)
	$449,291	$821,310

(1) These amounts include the assets and liabilities of the following joint ventures as of December 31, 2013 and 2012:

	Pacific Premier Retail LP	Tysons Corner LLC
As of December 31, 2013		
Total Assets	$775,012	$356,871
Total Liabilities	$812,725	$887,413
As of December 31, 2012		
Total Assets	$1,039,742	$409,622
Total Liabilities	$942,370	$329,145

(2) Certain mortgage notes payable could become recourse debt to the Company should the joint venture be unable to discharge the obligations of the related debt. As of December 31, 2013 and 2012, a total of $33,540 and $51,171, respectively, could become recourse debt to the Company. As of December 31, 2013 and 2012, the Company has indemnity agreements from joint venture partners for $16,770 and $21,270, respectively, of the guaranteed amount.

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)
4. Investments in Unconsolidated Joint Ventures: (Continued)

Included in mortgage notes payable are amounts due to affiliates of Northwestern Mutual Life ("NML") of $712,455 and $436,857 as of December 31, 2013 and 2012, respectively. NML is considered a related party because it is a joint venture partner with the Company in Macerich Northwestern Associates—Broadway Plaza. Interest expense incurred on these borrowings amounted to $31,549, $43,732 and $42,451 for the years ended December 31, 2013, 2012 and 2011, respectively.

(3) 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 $10,734, $15,480 and $9,257 for the years ended December 31, 2013, 2012 and 2011, respectively.

Combined and Condensed Statements of Operations of Unconsolidated Joint Ventures:

	Pacific Premier Retail LP	Tysons Corner LLC	Other Joint Ventures	Total
Year Ended December 31, 2013				
Revenues:				
Minimum rents	$118,164	$62,072	$238,488	$418,724
Percentage rents	4,586	2,057	12,946	19,589
Tenant recoveries	52,470	45,452	106,249	204,171
Other	5,882	3,110	36,635	45,627
Total revenues	181,102	112,691	394,318	688,111
Expenses:				
Shopping center and operating expenses	53,039	36,798	139,981	229,818
Interest expense	43,445	15,751	86,126	145,322
Depreciation and amortization	39,616	18,139	89,554	147,309
Total operating expenses	136,100	70,688	315,661	522,449
Gain on sale of assets	182,754	—	7,772	190,526
Gain on extinguishment of debt	—	14	—	14
Net income	$227,756	$42,017	$86,429	$356,202
Company's equity in net income	$110,798	$15,126	$41,656	$167,580
Year Ended December 31, 2012				
Revenues:				
Minimum rents	$132,247	$63,569	$316,186	$512,002
Percentage rents	5,390	1,929	15,768	23,087
Tenant recoveries	56,397	44,225	149,546	250,168
Other	5,650	3,341	37,248	46,239
Total revenues	199,684	113,064	518,748	831,496
Expenses:				
Shopping center and operating expenses	59,329	35,244	192,661	287,234
Interest expense	52,139	11,481	136,296	199,916
Depreciation and amortization	43,031	19,798	115,168	177,997
Total operating expenses	154,499	66,523	444,125	665,147
Gain on sale of assets	90	—	29,211	29,301
Net income	$45,275	$46,541	$103,834	$195,650

Company's equity in net income	$23,026	$17,969	$38,286	$79,281

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)
4. Investments in Unconsolidated Joint Ventures: (Continued)

	SDG Macerich	Pacific Premier Retail LP	Tysons Corner LLC	Other Joint Ventures	Total
Year Ended December 31, 2011					
Revenues:					
Minimum rents	$84,523	$133,191	$63,950	$351,982	$633,646
Percentage rents	4,742	6,124	2,068	18,491	31,425
Tenant recoveries	43,845	55,088	41,286	169,516	309,735
Other	3,668	5,248	3,061	37,743	49,720
Total revenues	136,778	199,651	110,365	577,732	1,024,526
Expenses:					
Shopping center and operating expenses	51,037	59,723	34,519	218,981	364,260
Interest expense	41,300	50,174	14,237	154,382	260,093
Depreciation and amortization	27,837	41,448	20,115	126,267	215,667
Total operating expenses	120,174	151,345	68,871	499,630	840,020
Gain on sale or distribution of assets	366,312	—	—	23,395	389,707
Gain on extinguishment of debt	15,704	—	—	—	15,704
Net income	$398,620	$48,306	$41,494	$101,497	$589,917
Company's equity in net income	$204,439	$24,568	$16,209	$49,461	$294,677

Significant accounting policies used by the unconsolidated joint ventures are similar to those used by the Company.
5. Derivative Instruments and Hedging Activities:
The Company recorded other comprehensive income related to the marking-to-market of interest rate agreements of $3,237 for the year ended December 31, 2011. There were no derivatives outstanding at December 31, 2013 or 2012. The Company had an interest rate swap agreement designated as a hedging instrument with a fair value of $3,237 that was included in other accrued liabilities at January 1, 2011. This instrument expired during the year ended December 31, 2011.

(Dollars in thousands, except per share amounts)

6. Property:

Property at December 31, 2013 and 2012 consists of the following:

	2013	2012
Land	$1,707,005	$1,572,621
Buildings and improvements	6,555,212	6,417,674
Tenant improvements	537,754	496,203
Equipment and furnishings	152,198	149,959
Construction in progress	229,169	376,249
	9,181,338	9,012,706
Less accumulated depreciation	(1,559,572)	(1,533,160)
	$7,621,766	$7,479,546

Depreciation expense for the years ended December 31, 2013, 2012 and 2011 was $269,790, $216,447 and $189,555, respectively.

The (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2013, includes a remeasurement gain of $36,341 on the Camelback Colonnade Restructuring (See Note 15—Acquisitions), a remeasurement gain of $14,864 on the purchase of a 33.3% interest in Superstition Springs Center (See Note 15—Acquisitions) and a $5,390 gain on the sale of assets. These gains were offset in part by a loss on impairment of $82,197 due to the reduction in the estimated holding period of the long lived assets of Promenade at Casa Grande, Rotterdam Square, Lake Square Mall and Somersville Towne Center. In addition, the Company recognized a loss of $1,250 on the write off of development costs.

The (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2012, includes a remeasurement gain of $84,227 on the purchase of a 75% interest in FlatIron Crossing (See Note 15—Acquisitions), a remeasurement gain of $115,729 on the purchase of a 33.3% interest in Arrowhead Towne Center (See Note 15—Acquisitions) and a $48,484 gain on the sales of Chandler Village Center, Chandler Festival, Chandler Gateway and NorthPark Center (See Note 4—Investments in Unconsolidated Joint Ventures). This was offset in part by a loss of $19,360 on the write off of development costs and a loss of $390 on sale of assets.

The (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2011, includes a loss on impairment of $25,216 and a loss on the sale of assets $423. The losses were offset in part by a remeasurement gain of $1,734 on the purchase of Superstition Springs Land (See Note 15—Acquisitions) in connection with the GGP Exchange (See Note 4—Investments in Unconsolidated Joint Ventures) and a remeasurement gain of $1,868 on the purchase of a 50% interest in Desert Sky Mall (See Note 15—Acquisitions). The loss on impairment was due to the decision to abandon a development project in Arizona.

(Dollars in thousands, except per share amounts)

7. Marketable Securities:
Marketable securities at December 31, 2013 and 2012 consists of the following:

	2013	2012
Government debt securities, at par value	$—	$23,769
Less discount	—	(102)
	—	23,667
Unrealized gain	—	685
Fair value	$—	$24,352

The proceeds from maturities and interest receipts from the marketable securities were restricted to the service of the Greeley Note (See Note 11—Bank and Other Notes Payable). On September 1, 2013, the Greeley note was paid off in full.
8. Tenant and Other Receivables:
Included in tenant and other receivables, net is an allowance for doubtful accounts of $2,878 and $2,374 at December 31, 2013 and 2012, respectively. Also included in tenant and other receivables, net, are accrued percentage rents of $9,824 and $9,168 at December 31, 2013 and 2012, respectively, and a deferred rent receivable due to straight-line rent adjustments of $53,380 and $49,129 at December 31, 2013 and 2012, respectively.
Included in tenant and other receivables, net are the following notes receivable:
On March 31, 2006, the Company received a note receivable that was secured by a deed of trust, bore interest at 5.5% and was to mature on March 31, 2031. This loan was collected in full on August 23, 2013. At December 31, 2012, the note had a balance of $8,502.
On August 18, 2009, the Company received a note receivable from J&R Holdings XV, LLC ("Pederson") that bore interest at an effective rate of 16.3% and was to mature on December 31, 2013. Pederson was considered a related party because it had an ownership interest in Promenade at Casa Grande. The note was secured by Pederson's interest in Promenade at Casa Grande. On November 26, 2013, the Company acquired Pederson's ownership interest in Casa Grande in exchange for the note receivable. Interest income on the note was $561, $518 and $413 for the years ended December 31, 2013, 2012 and 2011, respectively. The balance on the note at December 31, 2012 was $3,963.

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)

9. Deferred Charges and Other Assets, net:
Deferred charges and other assets, net at December 31, 2013 and 2012 consist of the following:

	2013	2012
Leasing	$223,038	$234,498
Financing	51,695	42,868
Intangible assets:		
In-place lease values(1)	205,651	175,735
Leasing commissions and legal costs(1)	50,594	46,419
Above-market leases	118,770	118,033
Deferred tax assets	31,356	33,414
Deferred compensation plan assets	30,932	24,670
Acquisition deposit	—	30,000
Other assets	65,793	72,811
	777,829	778,448
Less accumulated amortization(2)	(244,771)	(213,318)
	$533,058	$565,130

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(1) The estimated amortization of these intangible assets for the next five years and thereafter is as follows:

Year Ending December 31,	
2014	$43,059
2015	29,293
2016	21,353
2017	15,623
2018	12,540
Thereafter	45,236
	$167,104

(2) Accumulated amortization includes $89,141 and $62,792 relating to in-place lease values, leasing commissions and legal costs at December 31, 2013 and 2012, respectively. Amortization expense for in-place lease values, leasing commissions and legal costs was $53,139, $32,456 and $13,222 for the years ended December 31, 2013, 2012 and 2011, respectively.

(Dollars in thousands, except per share amounts)

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

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

	2013	2012
Above-Market Leases		
Original allocated value	$118,770	$118,033
Less accumulated amortization	(46,912)	(46,361)
	$71,858	$71,672
Below-Market Leases(1)		
Original allocated value	$187,537	$164,489
Less accumulated amortization	(79,271)	(77,131)
	$108,266	$87,358

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

The allocated values of above and below-market leases will be amortized into minimum rents on a straight-line basis over the individual remaining lease terms. The estimated amortization of these values for the next five years and thereafter is as follows:

Year Ending December 31,	Above Market	Below Market
2014	$14,822	$20,254
2015	12,824	14,965
2016	10,682	11,985
2017	8,641	9,513
2018	6,755	7,878
Thereafter	18,134	43,671
	$71,858	$108,266

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)

10. Mortgage Notes Payable:

Mortgage notes payable at December 31, 2013 and 2012 consist of the following:

	Carrying Amount of Mortgage Notes(1)							
	2013		2012					
Property Pledged as Collateral	Related Party	Other	Related Party	Other	Effective Interest Rate(2)		Monthly Debt Service(3)	Maturity Date(4)
Arrowhead Towne Center	$—	$236,028	$—	$243,176	2.76	%	$1,131	2018
Camelback Colonnade(5)	—	49,120	—	—	2.16	%	178	2015
Chandler Fashion Center(6)	—	200,000	—	200,000	3.77	%	625	2019
Chesterfield Towne Center(7)	—	—	—	110,000	—		—	—
Danbury Fair Mall	117,120	117,120	119,823	119,823	5.53	%	1,538	2020
Deptford Mall	—	201,622	—	205,000	3.76	%	947	2023
Deptford Mall	—	14,551	—	14,800	6.46	%	101	2016
Eastland Mall	—	168,000	—	168,000	5.79	%	811	2016
Fashion Outlets of Chicago(8)	—	91,383	—	9,165	2.96	%	203	2017
Fashion Outlets of Niagara Falls USA	—	124,030	—	126,584	4.89	%	727	2020
Fiesta Mall(9)	—	—	—	84,000	—		—	—
Flagstaff Mall	—	37,000	—	37,000	5.03	%	153	2015
FlatIron Crossing(10)	—	268,000	—	173,561	3.90	%	1,393	2021
Freehold Raceway Mall(6)	—	232,900	—	232,900	4.20	%	805	2018
Fresno Fashion Fair	79,391	79,390	80,601	80,602	6.76	%	1,104	2015
Great Northern Mall	—	35,484	—	36,395	5.19	%	234	(11)
Green Acres Mall(12)	—	319,850	—	—	3.61	%	1,447	2021
Kings Plaza Shopping Center(13)	—	490,548	—	354,000	3.67	%	2,229	2019
Northgate Mall(14)	—	64,000	—	64,000	3.04	%	130	2017
Oaks, The	—	214,239	—	218,119	4.14	%	1,064	2022
Pacific View	—	135,835	—	138,367	4.08	%	668	2022
Paradise Valley Mall(15)	—	—	—	81,000	—		—	—
Promenade at Casa Grande(16)	—	—	—	73,700	—		—	—
Salisbury, Centre at(7)	—	—	—	115,000	—		—	—
Santa Monica Place	—	235,445	—	240,000	2.99	%	1,004	2018
SanTan Village Regional Center(17)	—	136,629	—	138,087	3.14	%	589	2019
South Plains Mall	—	99,833	—	101,340	6.59	%	648	2015
South Towne Center(18)	—	—	—	85,247	—		—	—
Superstition Springs Center(19)	—	68,395	—	—	2.00	%	139	2016
Towne Mall	—	22,996	—	23,369	4.48	%	117	2022
Tucson La Encantada	72,870	—	74,185	—	4.23	%	368	2022
Twenty Ninth Street(20)	—	—	—	107,000	—		—	—
Valley Mall	—	42,155	—	42,891	5.85	%	280	2016
Valley River Center	—	120,000	—	120,000	5.59	%	558	2016
Victor Valley, Mall of(21)	—	90,000	—	90,000	2.73	%	183	2014
Vintage Faire Mall(18)	—	99,083	—	135,000	5.81	%	586	2015
Westside Pavilion	—	152,173	—	154,608	4.49	%	783	2022
Wilton Mall(22)	—	—	—	40,000	—		—	—

$269,381	$4,145,809	$274,609	$4,162,734

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THE MACERICH COMPANY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(Dollars in thousands, except per share amounts)
10. Mortgage Notes Payable: (continued)

(1) The mortgage notes payable balances include the unamortized debt premiums (discounts). Debt premiums (discounts) represent the excess (deficiency) of the fair value of debt over (under) the principal value of debt assumed in various acquisitions and are amortized into interest expense over the remaining term of the related debt in a manner that approximates the effective interest method.

The debt premiums (discounts) as of December 31, 2013 and 2012 consist of the following:

Property Pledged as Collateral	2013	2012
Arrowhead Towne Center	$14,642	$17,716
Camelback Colonnade	2,120	—
Deptford Mall	(14)	(19)
Fashion Outlets of Niagara Falls USA	6,342	7,270
FlatIron Crossing	—	5,232
Great Northern Mall	—	(28)
Superstition Springs Center	895	—
Valley Mall	(219)	(307)
	$23,766	$29,864

(2) The interest rate disclosed represents the effective interest rate, including the debt premiums (discounts) 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) On September 17, 2013, the Company obtained control of the consolidated joint venture as a result of the Camelback Colonnade Restructuring (See Note 15—Acquisitions). The loan on the property bears interest at an effective rate of 2.16% and matures on October 12, 2015.

(6) A 49.9% interest in the loan has been assumed by a third party in connection with a co-venture arrangement (See Note 12—Co-Venture Arrangement).

(7) On December 11, 2013, in connection with the sale of the property (See Note 16—Discontinued Operations), a third party assumed the existing loan on the property. As a result, the Company has been discharged from this non-recourse loan.

(8) The construction loan on the property allows for borrowings up to $140,000, bears interest at LIBOR plus 2.50% and matures on March 5, 2017, including extension options. At December 31, 2013 and 2012, the total interest rate was 2.96% and 3.00%, respectively.

(9) On September 30, 2013, the Company conveyed the property to the lender by a deed-in-lieu of foreclosure. As a result, the Company has been discharged from this non-recourse loan (See Note 16—Discontinued Operations).

(10) On June 4, 2013, the existing loan was paid off in full, which resulted in a gain of $2,791 on the early extinguishment of debt. On November 8, 2013, the Company placed a new $268,000 loan on the property that bears interest at an effective rate of 3.90% and matures on January 5, 2021.

(11) The loan's original maturity date was December 1, 2013. Accordingly, the loan was in maturity default subsequent to that date. As a result, the Company accrued default interest on the loan at a rate of 4% in addition to the effective rate of interest of 5.19%. In February 2014, the Company reached an agreement with the lender to extend the loan to January 1, 2015 and waive the default interest.

(12) On January 24, 2013, in connection with the Company's acquisition of the property (See Note 15—Acquisitions), the Company placed a new loan on the property that allowed for borrowings of up to $325,000, bears interest at an effective interest rate of 3.61% and matures on February 3, 2021. Concurrent with the acquisition, the

Company borrowed $100,000 on the loan. On January 31, 2013, the Company exercised its option to borrow an additional $225,000 on the loan.

(13) On January 3, 2013, the Company exercised its option to borrow an additional $146,000 on the loan.

(14) The loan bears interest at LIBOR plus 2.25% and matures on March 1, 2017. At December 31, 2013 and 2012, the total interest rate was 3.04% and 3.09%, respectively.

(15) On August 26, 2013, the loan was paid off in full.

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THE MACERICH COMPANY
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(Dollars in thousands, except per share amounts)
10. Mortgage Notes Payable: (continued)

(16) On December 30, 2013, the loan was paid off in full.

(17) On May 30, 2013, the consolidated joint venture replaced the existing loan on the property with a new $138,000 loan that bears interest at an effective rate of 3.14% and matures on June 1, 2019.

(18) On April 30, 2013, the existing loan on Vintage Faire Mall was paid off in full, resulting in a loss of $853 on the early extinguishment of debt. Concurrently, the loan on South Towne Center was transferred to Vintage Faire Mall. An additional $15,200 was borrowed on the loan on Vintage Faire Mall that bears interest at an effective rate of 2.91% and matures on November 5, 2015.

(19) On October 24, 2013, the Company purchased the 33.3% interest in Superstition Springs Center that it did not own (See Note 15—Acquisitions). In connection with the acquisition, the Company assumed the loan on the property with a fair value of $68,448 that bears interest at an effective rate of 2.00% and matures on October 28, 2016.

(20) On November 8, 2013, the loan was paid off in full, which resulted in a loss of $506 on the early extinguishment of debt.

(21) The loan bears interest at LIBOR plus 2.25% and matures on November 6, 2014. At December 31, 2013 and 2012, the total interest rate was 2.73% and 2.12%, respectively.

(22) On August 1, 2013, the loan was paid off in full.

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

Most of the Company's mortgage notes payable are secured by the properties on which they are placed and are non-recourse to the Company. As of December 31, 2013 and 2012, a total of $77,192 and $213,466, respectively, of the mortgage notes payable could become recourse to the Company. The Company had indemnity agreements from consolidated joint venture partners for $28,208 of the guaranteed amount at December 31, 2012.

The Company expects 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 during the years ended December 31, 2013, 2012 and 2011 was $10,829, $10,703 and $11,905, respectively.

Related party mortgage notes payable are amounts due to affiliates of NML. See Note 19—Related Party Transactions for interest expense associated with loans from NML.

The estimated fair value (Level 2 measurement) of mortgage notes payable at December 31, 2013 and 2012 was $4,500,177 and $4,567,658, respectively, based on current interest rates for comparable loans. The method for computing 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.

The future maturities of mortgage notes payable are as follows:

2014	$157,529
2015	500,772
2016	476,059
2017	220,712
2018	693,060
Thereafter	2,343,292
	4,391,424
Debt premium, net	23,766
	$4,415,190

The future maturities reflected above reflect the extension options that the Company believes will be exercised.

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THE MACERICH COMPANY

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(Dollars in thousands, except per share amounts)

11. Bank and Other Notes Payable:
Bank and other notes payable consist of the following:
Senior Notes:
On March 16, 2007, the Company issued $950,000 in Senior Notes that matured on March 15, 2012. The Senior Notes bore interest at 3.25%, were payable semiannually, were senior to unsecured debt of the Company and were guaranteed by the Operating Partnership.
During the year ended December 31, 2011, the Company repurchased and retired $180,314 of the Senior Notes for $180,792 and recorded a loss on the early extinguishment of debt of $1,449. The repurchase was funded by borrowings under the Company's line of credit. On March 15, 2012, the Company paid-off in full the $439,318 of Senior Notes then outstanding.
Line of Credit:
The Company has a $1,500,000 revolving line of credit that initially bore interest at LIBOR plus a spread of 1.75% to 3.0%, depending on the Company's overall leverage levels, and was to mature on May 2, 2015 with a one-year extension option. The line of credit had the ability to be expanded, depending on certain conditions, up to a total facility of $2,000,000 less the outstanding balance of the $125,000 unsecured term loan as described below.
On August 6, 2013, the Company's line of credit was amended and extended. The amended facility provides for an interest rate of LIBOR plus a spread of 1.375% to 2.0%, depending on the Company's overall leverage levels, and matures on August 6, 2018. Based on the Company's leverage level as of December 31, 2013, the borrowing rate on the facility was LIBOR plus 1.50%. In addition, the line of credit can be expanded, depending on certain conditions, up to a total facility of $2,000,000 (without giving effect to the $125,000 unsecured term loan described below).
As of December 31, 2013 and 2012, borrowings under the line of credit were $30,000 and $675,000, respectively, at an average interest rate of 1.85% and 2.76%, respectively. The estimated fair value (Level 2 measurement) of the line of credit at December 31, 2013 and 2012 was $28,214 and $675,107, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.
Term Loan:
On December 8, 2011, the Company obtained a $125,000 unsecured term loan under the line of credit that bears interest at LIBOR plus a spread of 1.95% to 3.20%, depending on the Company's overall leverage level, and matures on December 8, 2018. Based on the Company's current leverage levels, the borrowing rate is LIBOR plus 2.20%. As of December 31, 2013 and 2012, the total interest rate was 2.51% and 2.57%, respectively. The estimated fair value (Level 2 measurement) of the term loan at December 31, 2013 and 2012 was $120,802 and $121,821, respectively, based on a present value model using a credit interest rate spread offered to the Company for comparable debt.
Greeley Note:
On July 27, 2006, concurrent with the sale of Greeley Mall, the Company provided marketable securities to replace Greeley Mall as collateral for the mortgage note payable on the property (See Note 7—Marketable Securities). As a result of this transaction, the mortgage note payable was reclassified to bank and other notes payable. On September 1, 2013, the loan was paid off in full. At December 31, 2012, the Greeley Note had a balance outstanding of $24,027.
Prasada Note:
On March 29, 2013, the Company issued a $13,330 note payable that bears interest at 5.25% and matures on March 29, 2016. The note payable is collateralized by a portion of a development reimbursement agreement with the City of Surprise, Arizona. At December 31, 2013, the note had a balance of $12,537. The estimated fair value (Level 2 measurement) of the note at December 31, 2013 was $13,114 based on current interest rates for comparable notes. The method for computing fair value was determined using a present value model and an interest rate that included a credit value adjustment based on the estimated value of the collateral for the underlying debt.

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(Dollars in thousands, except per share amounts)

As of December 31, 2013 and 2012, the Company was in compliance with all applicable financial loan covenants.
The future maturities of bank and other notes payable are as follows:

2014	$1,660
2015	1,750
2016	9,127
2018	155,000
	$167,537

12. Co-Venture Arrangement:

On September 30, 2009, the Company formed a joint venture, whereby a third party acquired a 49.9% interest in Freehold Raceway Mall, a 1,674,000 square foot regional shopping center in Freehold, New Jersey, and Chandler Fashion Center, a 1,321,000 square foot regional shopping center in Chandler, Arizona. As part of this transaction, the Company issued a warrant in favor of the third party to purchase 935,358 shares of common stock of the Company at an exercise price of $46.68 per share (See "Stock Warrants" in Note 14—Stockholders' Equity). The Company received approximately $174,650 in cash proceeds for the overall transaction, of which $6,496 was attributed to the warrants. The Company used the proceeds from this transaction to pay down its line of credit and for general corporate purposes.

As a result of the Company having certain rights under the agreement to repurchase the assets after the seventh year of the venture formation, the transaction did not qualify for sale treatment. The Company, however, is not obligated to repurchase the assets. The transaction has been accounted for as a profit-sharing arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation was established for the amount of $168,154, representing the net cash proceeds received from the third party less costs allocated to the warrant. The co-venture obligation is increased for the allocation of income to the co-venture partner and decreased for distributions to the co-venture partner. The co-venture obligation was $81,515 and $92,215 at December 31, 2013 and 2012, respectively.

13. Noncontrolling Interests:

The Company allocates net income of the Operating Partnership based on the weighted average ownership interest during the period. The net income of the Operating Partnership that is not attributable to the Company is reflected in the consolidated statements of operations as noncontrolling interests. The Company adjusts the noncontrolling interests in the Operating Partnership at the end of each period to reflect its ownership interest in the Company. The Company had a 93% ownership interest in the Operating Partnership as of December 31, 2013 and 2012. The remaining 7% limited partnership interest as of December 31, 2013 and 2012 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 ten trading days ending on the respective balance sheet date. Accordingly, as of December 31, 2013 and 2012, the aggregate redemption value of the then-outstanding OP Units not owned by the Company was $587,917 and $586,409, respectively.

The Company issued common and cumulative 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.

The outside ownership interests in the Company's joint venture in Shoppingtown Mall had a purchase option for $11,366. Due to the redemption feature of the ownership interest in Shoppingtown Mall, these noncontrolling interests were included in temporary equity. The Company exercised its right to redeem the outside ownership interests in the partnership in cash and the redemption closed on September 14, 2011. On December 30, 2011, the Company conveyed Shoppingtown Mall to the mortgage note lender by a deed-in-lieu of foreclosure (See Note 16—Discontinued Operations).

14. Stockholders' Equity:

Stock Warrants:

On September 30, 2009, the Company issued a warrant in connection with its formation of a co-venture to own and operate Freehold Raceway Mall and Chandler Fashion Center (See Note 12—Co-Venture Arrangement). The warrant provided for the purchase of 935,358 shares of the Company's common stock. The warrant was valued at $6,496 and recorded as a credit to additional paid-in capital. The warrant had an exercise price of $46.68 per share, with such price subject to anti-dilutive adjustments. In December 2011, the holders requested a net issue exercise of 311,786 shares of the warrant and the Company elected to deliver a cash payment of $1,278 in exchange for the portion of the warrant exercised. On April 10, 2012, the holders requested a net exercise of an additional 311,786 shares of the warrant and the Company elected to deliver a cash payment of $3,448 in exchange for the portion of the warrant exercised. On October 24, 2012, the holders requested a net exercise of the remaining 311,786 shares of the warrant and the Company elected to deliver a cash payment of $3,923 in exchange for the portion of the warrant exercised.

At-The-Market Stock Offering Program ("ATM Program"):

On August 17, 2012, the Company entered into an equity distribution agreement ("Distribution Agreement") with a number of sales agents to issue and sell, from time to time, shares of common stock, par value $0.01 per share, having an aggregate offering price of up to $500,000 (the “Shares”). Sales of the Shares, if any, may be made in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an “at the market” offering, which includes sales made directly on the New York Stock Exchange or sales made to or through a market maker other than on an exchange. The Company will pay each sales agent a commission that will not exceed, but may be lower than, 2% of the gross proceeds of the Shares sold through such sales agent under the Distribution Agreement. During the year ended December 31, 2012, the Company sold 2,961,903 shares of common stock under the ATM Program in exchange for aggregate gross proceeds of $177,896 and net proceeds of $175,649 after commissions and other transaction costs. The proceeds from the sales were used to pay down the Company's line of credit. During the year ended December 31, 2013, the Company sold 2,456,956 shares of common stock under the ATM Program in exchange for aggregate gross proceeds of $173,011 and net proceeds of $171,102 after commissions and other transaction costs. The proceeds from the sales were used to pay down the Company's line of credit.

As of December 31, 2013, $149,093 remained available to be sold under the ATM Program. 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 Program.

Stock Issued to Acquire Property:

On November 28, 2012, the Company issued 535,265 restricted shares of common stock in connection with the acquisition of Kings Plaza Shopping Center (See Note 15—Acquisitions) for a value of $30,000, based on the average closing price of the Company's common stock for the ten preceding trading days.

(Dollars in thousands, except per share amounts)

15. Acquisitions:

Desert Sky Mall:

On February 28, 2011, the Company acquired the remaining 50% ownership interest in Desert Sky Mall that it did not own for $27,625. The acquisition was completed in order to gain 100% ownership and control over this well located asset. The purchase price was funded by a cash payment of $1,875 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $25,750. Concurrent with the purchase of the partnership interest, the Company paid off the $51,500 loan on the property. Prior to the acquisition, the Company had accounted for its investment under the equity method (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Desert Sky Mall.

The following is a summary of the allocation of the fair value of Desert Sky Mall:

Property	$46,603
Deferred charges	5,474
Cash and cash equivalents	6,057
Tenant receivables	202
Other assets	4,481
Total assets acquired	62,817
Mortgage note payable	51,500
Accounts payable	33
Other accrued liabilities	3,017
Total liabilities assumed	54,550
Fair value of acquired net assets (at 100% ownership)	$8,267

The Company determined that the purchase price represented the fair value of the additional ownership interest in Desert Sky Mall that was acquired. Accordingly, the Company also determined that the fair value of the acquired ownership interest in Desert Sky Mall equaled the fair value of the Company's existing ownership interest.

Fair value of existing ownership interest (at 50% ownership)	$4,164
Carrying value of investment in Desert Sky Mall	(2,296)
Gain on remeasurement	$1,868

The Company has included the gain in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2011 (See Note 6—Property).

Superstition Springs Land:

On June 3, 2011, the Company acquired the additional 50% ownership interest in Superstition Springs Land that it did not own in connection with the GGP Exchange (See Note 4—Investments in Unconsolidated Joint Ventures). Prior to the acquisition, the Company had accounted for its investment in Superstition Springs Land under the equity method. As a result of this transaction, the Company obtained 100% ownership of the land.

The Company recorded the fair value of Superstition Springs Land at $12,914. As a result of obtaining control of this property, the Company recognized a gain of $1,734, which is included in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2011 (See Note 6—Property). Since the date of acquisition, the Company has included Superstition Springs Land in its consolidated financial statements.

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15. Acquisitions: (Continued)

Fashion Outlets of Niagara Falls USA:
On July 22, 2011, the Company acquired the Fashion Outlets of Niagara Falls USA, a 525,000 square foot outlet center in Niagara Falls, New York. The initial purchase price of $200,000 was funded by a cash payment of $78,579 and the assumption of the mortgage note payable with a carrying value of $121,421 and a fair value of $130,006. The cash purchase price was funded from borrowings under the Company's line of credit.
The purchase and sale agreement includes contingent consideration based on the performance of the Fashion Outlets of Niagara Falls USA from the acquisition date through July 21, 2014 that could increase the purchase price from the initial $200,000 up to a maximum of $218,322. The Company estimated the fair value of the contingent consideration as of December 31, 2013 to be $17,491, which has been included in other accrued liabilities as part of the fair value of the total liabilities assumed.
The following is a summary of the allocation of the fair value of the Fashion Outlets of Niagara Falls USA:

Property	$228,720
Deferred charges	10,383
Restricted cash	5,367
Other assets	3,090
Total assets acquired	247,560
Mortgage note payable	130,006
Accounts payable	231
Other accrued liabilities	38,037
Total liabilities assumed	168,274
Fair value of acquired net assets	$79,286

The Company determined that the purchase price, including the estimated fair value of contingent consideration, represented the fair value of the assets acquired and liabilities assumed.
SDG Acquisition Properties:
On December 31, 2011, the Company acquired the SDG Acquisition Properties as a result of the SDG Transaction. The Company completed the SDG Transaction in order to gain 100% control of the SDG Acquisition Properties. In connection with the acquisition, the Company assumed the mortgage notes payable on Eastland Mall and Valley Mall. Prior to the acquisition, the Company had accounted for its investment in SDG Macerich under the equity method (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of the SDG Acquisition Properties.

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15. Acquisitions: (Continued)

The following is a summary of the allocation of the fair value of the SDG Acquisition Properties:

Property	$371,344
Deferred charges	30,786
Tenant receivables	10,048
Other assets	32,826
Total assets acquired	445,004
Mortgage note payable	211,543
Accounts payable	10,416
Other accrued liabilities	18,578
Total liabilities assumed	240,537
Fair value of acquired net assets	$204,467

The Company determined that the purchase price represented the fair value of the assets acquired and liabilities assumed.

Capitola Kohl's:

On April 29, 2011, the Company purchased a fee interest in a freestanding Kohl's store at Capitola Mall for $28,500. The purchase price was paid from cash on hand.

500 North Michigan Avenue:

On February 29, 2012, the Company acquired a 323,000 square foot mixed-use retail/office building in Chicago, Illinois ("500 North Michigan Avenue") for $70,925. The purchase price was funded from borrowings under the Company's line of credit. The acquisition was completed in order to gain control over the property adjacent to The Shops at North Bridge.

The following is a summary of the allocation of the fair value of 500 North Michigan Avenue:

Property	$66,033
Deferred charges	7,450
Other assets	2,143
Total assets acquired	75,626
Other accrued liabilities	4,701
Total liabilities assumed	4,701
Fair value of acquired net assets	$70,925

The Company determined that the purchase price represented the fair value of the assets acquired and liabilities assumed.

Since the date of acquisition, the Company has included 500 North Michigan Avenue in its consolidated financial statements.

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FlatIron Crossing:
On October 3, 2012, the Company acquired the 75% ownership interest in FlatIron Crossing that it did not own for $310,397. The acquisition was completed in order to gain 100% ownership and control over this asset. The purchase price was funded by a cash payment of $195,900 and the assumption of the third party's share of the mortgage note payable on the property of $114,497. Prior to the acquisition, the Company had accounted for its investment under the equity method (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of FlatIron Crossing.
The following is a summary of the allocation of the fair value of FlatIron Crossing:

Property	$443,391
Deferred charges	25,251
Cash and cash equivalents	3,856
Other assets	2,101
Total assets acquired	474,599
Mortgage note payable	175,720
Accounts payable	366
Other accrued liabilities	11,071
Total liabilities assumed	187,157
Fair value of acquired net assets (at 100% ownership)	$287,442

The Company determined that the purchase price represented the fair value of the additional ownership interest in FlatIron Crossing that was acquired.

Fair value of existing ownership interest (at 25% ownership)	$91,542
Carrying value of investment	(33,382)
Prior gain deferral recognized	26,067
Gain on remeasurement	$84,227

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	$310,397
Less debt assumed	(114,497)
Carrying value of investment	33,382
Remeasurement gain	84,227
Less prior gain deferral	(26,067)
Fair value of acquired net assets (at 100% ownership)	$287,442

The Company has included the gain in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2012 (See Note 6—Property). The prior gain deferral relates to the prior sale of the 75% ownership interest in FlatIron Crossing. Due to certain contractual rights that were afforded to the buyer of the interest, a portion of that gain was deferred.
Since the date of acquisition, the Company has included FlatIron Crossing in its consolidated financial statements.

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15. Acquisitions: (Continued)

Arrowhead Towne Center:
On October 26, 2012, the Company acquired the remaining 33.3% ownership interest in Arrowhead Towne Center that it did not own for $144,400. The acquisition was completed in order to gain 100% ownership and control over this asset. The purchase price was funded by a cash payment of $69,025 and the assumption of the third party's pro rata share of the mortgage note payable on the property of $75,375. Prior to the acquisition, the Company had accounted for its investment under the equity method (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Arrowhead Towne Center.
The following is a summary of the allocation of the fair value of Arrowhead Towne Center:

Property	$423,349
Deferred charges	31,500
Restricted cash	4,009
Tenant receivables	926
Other assets	4,234
Total assets acquired	464,018
Mortgage note payable	244,403
Accounts payable	815
Other accrued liabilities	10,449
Total liabilities assumed	255,667
Fair value of acquired net assets (at 100% ownership)	$208,351

The Company determined that the purchase price represented the fair value of the additional ownership interest in Arrowhead Towne Center that was acquired.

Fair value of existing ownership interest (at 66.7% ownership)	$139,326
Carrying value of investment	(23,597)
Gain on remeasurement	$115,729

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	$144,400
Less debt assumed	(75,375)
Carrying value of investment	23,597
Remeasurement gain	115,729
Fair value of acquired net assets (at 100% ownership)	$208,351

The Company has included the gain in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2012 (See Note 6—Property).
Since the date of acquisition, the Company has included Arrowhead Towne Center in its consolidated financial statements.

(Dollars in thousands, except per share amounts)

Kings Plaza Shopping Center:

On November 28, 2012, the Company acquired Kings Plaza Shopping Center, a 1,195,000 square foot regional shopping center in Brooklyn, New York for a purchase price of $756,000. The purchase price was funded from a cash payment of $726,000 and the issuance of $30,000 in restricted common stock of the Company. The cash payment was provided by the placement of a mortgage note payable on the property that allowed for borrowings of up to $500,000. Concurrent with the acquisition, the Company borrowed $354,000 on the loan. On January 3, 2013, the Company exercised its option to borrow an additional $146,000 on the loan. The acquisition was completed to acquire a prominent center in Brooklyn, New York.

The following is a summary of the allocation of the fair value of Kings Plaza Shopping Center:

Property	$714,589
Deferred charges	37,371
Other assets	29,282
Total assets acquired	781,242
Other accrued liabilities	25,242
Total liabilities assumed	25,242
Fair value of acquired net assets	$756,000

The Company determined that the purchase price represented the fair value of the assets acquired and liabilities assumed.

Since the date of acquisition, the Company has included Kings Plaza Shopping Center in its consolidated financial statements.

Green Acres Mall:

On January 24, 2013, the Company acquired Green Acres Mall, a 1,787,000 square foot regional shopping center in Valley Stream, New York, for a purchase price of $500,000. A purchase deposit of $30,000 was funded during the year ended December 31, 2012, and the remaining $470,000 was funded upon closing of the acquisition. The cash payment made at the time of closing was provided by the placement of a mortgage note payable on the property that allowed for borrowings of up to $325,000 and from borrowings under the Company's line of credit. Concurrent with the acquisition, the Company borrowed $100,000 on the loan. On January 31, 2013, the Company exercised its option to borrow the remaining $225,000 on the loan. The acquisition was completed to acquire another prominent shopping center in the New York metropolitan area.

The following is a summary of the allocation of the fair value of Green Acres Mall:

Property	$477,673
Deferred charges	45,130
Other assets	19,125
Total assets acquired	541,928
Other accrued liabilities	41,928
Total liabilities assumed	41,928
Fair value of acquired net assets	$500,000

The Company determined that the purchase price represented the fair value of the assets acquired and liabilities assumed.

Since the date of acquisition, the Company has included Green Acres Mall in its consolidated financial statements. The property has generated incremental revenue of $65,958 and incremental earnings of $824 during the year ended December 31, 2013.

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Green Acres Adjacent:
On April 25, 2013, the Company acquired a 19 acre parcel of land adjacent to Green Acres Mall for $22,577. The payment was provided by borrowings from the Company's line of credit. The acquisition was completed to allow for future expansion of Green Acres Mall.
Camelback Colonnade Restructuring:
On September 17, 2013, the Company’s joint venture in Camelback Colonnade was restructured. As a result of the restructuring, the Company’s ownership interest in Camelback Colonnade decreased from 73.2% to 67.5%. Prior to the restructuring, the Company had accounted for its investment in Camelback Colonnade under the equity method of accounting due to substantive participation rights held by the outside partners. Upon completion of the restructuring, these substantive participation rights were terminated and the Company obtained voting control of the joint venture (See Note 4—Investments in Unconsolidated Joint Ventures).
The following is a summary of the allocation of the fair value of Camelback Colonnade:

Property	$98,160
Deferred charges	8,284
Cash and cash equivalents	1,280
Restricted cash	1,139
Tenant receivables	615
Other assets	380
Total assets acquired	109,858
Mortgage note payable	49,465
Accounts payable	54
Other accrued liabilities	4,752
Total liabilities assumed	54,271
Fair value of acquired net assets (at 100% ownership)	$55,587

The Company recognized the following remeasurement gain on the Camelback Colonnade Restructuring:

Fair value of existing ownership interest (at 73.2% ownership)	$41,690	
Carrying value of investment	(5,349	)
Gain on remeasurement	$36,341	

The Company has included the gain in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2013 (See Note 6—Property). Since the date of the restructuring, the Company has included Camelback Colonnade in its consolidated financial statements. The property has generated incremental revenue of $3,540 and incremental earnings of $384 during the year ended December 31, 2013.

(Dollars in thousands, except per share amounts)

Superstition Springs Center:

On October 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center that it did not own for $46,162. The purchase price was funded by a cash payment of $23,662 and the assumption of the third party's share of the mortgage note payable on the property of $22,500. Prior to the acquisition, the Company had accounted for its investment under the equity method (See Note 4—Investments in Unconsolidated Joint Ventures). As a result of this transaction, the Company obtained 100% ownership of Superstition Springs Center. The acquisition was completed in order to gain 100% ownership and control over this asset.

The following is a summary of the allocation of the fair value of Superstition Springs Center:

Property	$114,373
Deferred charges	12,353
Cash and cash equivalents	8,894
Tenant receivables	51
Other assets	11,535
Total assets acquired	147,206
Mortgage note payable	68,448
Accounts payable	119
Other accrued liabilities	7,637
Total liabilities assumed	76,204
Fair value of acquired net assets (at 100% ownership)	$71,002

The Company determined that the purchase price represented the fair value of the additional ownership interest in Superstition Springs Center that was acquired.

Fair value of existing ownership interest (at 66.7% ownership)	$47,340
Carrying value of investment	(32,476)
Gain on remeasurement	$14,864

The following is the reconciliation of the purchase price to the fair value of the acquired net assets:

Purchase price	$46,162
Less debt assumed	(22,500)
Carrying value of investment	32,476
Remeasurement gain	14,864
Fair value of acquired net assets (at 100% ownership)	$71,002

The Company has included the gain in (loss) gain on remeasurement, sale or write down of assets, net for the year ended December 31, 2013 (See Note 6—Property).

Since the date of acquisition, the Company has included Superstition Springs Center in its consolidated financial statements. Superstition Springs Center has generated incremental revenue of $3,666 and incremental earnings of $1,062 during the year ended December 31, 2013.

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Pro Forma Results of Operations:
The following unaudited pro forma total revenue and income from continuing operations for 2013 and 2012 assumes the 2012 and 2013 property acquisitions took place on January 1, 2012:

	Total revenue	Income from continuing operations
Supplemental pro forma for the year ended December 31, 2013(1)	$1,056,075	$108,417
Supplemental pro forma for the year ended December 31, 2012(1)	$1,094,559	$92,193

(1) This unaudited pro forma supplemental information does not purport to be indicative of what the Company's operating results would have been had the acquisitions occurred on January 1, 2012, and may not be indicative of future operating results. The Company has excluded remeasurement gains and acquisition costs from these pro forma results as they are considered significant non recurring adjustments directly attributable to the acquisitions.

16. Discontinued Operations:
On March 4, 2011, the Company sold a former Mervyn's store in Santa Fe, New Mexico for $3,732, resulting in a loss on the sale of assets of $1,913. The proceeds from the sale were used for general corporate purposes.
On June 3, 2011, the Company disposed of six anchor stores at centers not owned by the Company (collectively referred to as the "GGP Anchor Stores"), including five former Mervyn's stores, as part of the GGP Exchange (See Note 4—Investments in Unconsolidated Joint Ventures). The Company determined that the fair value received in exchange for the GGP Anchor Stores was equal to their carrying value.
On October 14, 2011, the Company sold a former Mervyn's store in Salt Lake City, Utah for $8,061, resulting in a gain on the sale of assets of $3,783. The proceeds from the sale were used for general corporate purposes.
On November 30, 2011, the Company sold a former Mervyn's store in West Valley City, Utah for $2,300, resulting in a loss on the sale of assets of $200. The proceeds from the sale were used for general corporate purposes.
In June 2011, the Company recorded an impairment charge of $35,729 related to Shoppingtown Mall. As a result of the maturity default on the mortgage note payable and the corresponding reduction of the estimated holding period, the Company wrote down the carrying value of the long-lived assets to their estimated fair value of $38,968. The Company had classified the estimated fair value as a Level 3 measurement due to the highly subjective nature of the computation, which involves estimates of holding period, market conditions, future occupancy levels, rental rates, capitalization rates, lease-up periods and capital improvements. On December 30, 2011, the Company conveyed Shoppingtown Mall to the mortgage note lender by a deed-in-lieu of foreclosure. As a result of the conveyance, the Company recognized an additional $3,929 loss on the disposal of the property.
In March 2012, the Company recorded an impairment charge of $54,306 related to Valley View Center. As a result of the sale of the property on April 23, 2012, the Company wrote down the carrying value of the long-lived assets to their estimated fair value of $33,450 (Level 1 measurement), which was equal to the sales price of the property. On April 23, 2012, the property was sold by a court appointed receiver, which resulted in a gain on the extinguishment of debt of $104,023.
On April 30, 2012, the Company sold The Borgata, a 94,000 square foot community center in Scottsdale, Arizona, for $9,150, resulting in a loss on the sale of assets of $1,275. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On May 11, 2012, the Company sold a former Mervyn's store in Montebello, California for $20,750, resulting in a loss on the sale of assets of $407. The Company used the proceeds from the sale for general corporate purposes.

On May 17, 2012, the Company sold Hilton Village, a 80,000 square foot community center in Scottsdale, Arizona, for $24,820, resulting in a gain on the sale of assets of $3,127. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On May 31, 2012, the Company conveyed Prescott Gateway, a 584,000 square foot regional shopping center in Prescott, Arizona, to the mortgage note lender by a deed-in-lieu of foreclosure. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $16,296.

On June 28, 2012, the Company sold Carmel Plaza, a 112,000 square foot community center in Carmel, California, for $52,000, resulting in a gain on the sale of assets of $7,844. The Company used the proceeds from the sale to pay down its line of credit.

In December 2012, the Company recognized an impairment charge of $24,555 on Fiesta Mall, a 933,000 square foot regional shopping center in Mesa, Arizona, to write down the carrying value of the long-lived assets to their estimated fair value due a reduction in the estimated holding period of the property. On September 30, 2013, the Company conveyed Fiesta Mall to the mortgage note lender by a deed-in-lieu of foreclosure. The mortgage loan was non-recourse. As a result of the conveyance, the Company recognized a gain on the extinguishment of debt of $1,252, which is included in gain (loss) on the disposition of assets, net (See Note 10 - Mortgage Notes Payable).

On May 31, 2013, the Company sold Green Tree Mall, a 793,000 square foot regional shopping center in Clarksville, Indiana, for $79,000, resulting in a gain on the sale of assets of $59,767. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On June 4, 2013, the Company sold Northridge Mall, an 890,000 square foot regional shopping center in Salinas, California, and Rimrock Mall, a 603,000 square foot regional shopping center in Billings, Montana. The properties were sold in a combined transaction for $230,000, resulting in a gain on the sale of assets of $82,151. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2013, the Company sold a former Mervyn's store in Milpitas, California for $12,000, resulting in a loss on the sale of assets of $2,633. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 15, 2013, the Company sold a former Mervyn's store in Midland, Texas for $5,700, resulting in a loss on the sale of assets of $2,031. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 23, 2013, the Company sold a former Mervyn's store in Grand Junction, Colorado for $5,430, resulting in a gain on the sale of assets of $1,695. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 4, 2013, the Company sold a former Mervyn's store in Livermore, California for $10,475, resulting in a loss on the sale of assets of $5,257. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On December 11, 2013, the Company sold Chesterfield Towne Center, a 1,016,000 square foot regional shopping center in Richmond, Virginia, and Centre at Salisbury, an 862,000 square foot regional shopping center in Salisbury, Maryland in a combined transaction for $292,500, resulting in a gain on the sale of assets of $151,467. The sales price was funded by a cash payment of $67,763, the assumption of the $109,737 mortgage note payable on Chesterfield Towne Center and the assumption of the $115,000 mortgage note payable on Centre at Salisbury. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

The Company has classified the results of operations and gain or loss on sale for all of the above dispositions as discontinued operations for the years ended December 31, 2013, 2012 and 2011.

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Revenues from discontinued operations were $54,752, $94,406 and $118,558 for the years ended December 31, 2013, 2012 and 2011, respectively. Total income (loss) from discontinued operations, including the gain (loss) from disposition of assets, net was $289,936, $63,223 and $(70,367) for the years ended December 31, 2013, 2012 and 2011, respectively.

17. Future Rental Revenues:

Under existing non-cancelable operating lease agreements, tenants are committed to pay the following minimum rental payments to the Company:

Year Ending December 31,	
2014	$561,833
2015	491,261
2016	433,776
2017	371,638
2018	308,827
Thereafter	1,081,719
	$3,249,054

18. Commitments and Contingencies:

The Company has certain properties subject to non-cancelable operating ground 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. Ground rent expenses were $10,579, $8,681 and $8,607 for the years ended December 31, 2013, 2012 and 2011, respectively. No contingent rent was incurred for the years ended December 31, 2013, 2012 or 2011.

Minimum future rental payments required under the leases are as follows:

Year Ending December 31,	
2014	$15,339
2015	15,356
2016	15,393
2017	15,378
2018	11,263
Thereafter	296,687
	$369,416

As of December 31, 2013, the Company was contingently liable for $18,862 in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

The Company has entered into a number of construction agreements related to its redevelopment and development activities. Obligations under these agreements are contingent upon the completion of the services within the guidelines specified in the agreement. At December 31, 2013, the Company had $57,969 in outstanding obligations, which it believes will be settled in the next twelve months.

(Dollars in thousands, except per share amounts)

19. 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 years ended December 31:

	2013	2012	2011
Management Fees	$21,993	$24,007	$26,838
Development and Leasing Fees	10,859	13,165	9,955
	$32,852	$37,172	$36,793

Certain mortgage notes on the properties are held by NML (See Note 10—Mortgage Notes Payable). Interest expense in connection with these notes was $15,016, $15,386 and $16,743 for the years ended December 31, 2013, 2012 and 2011, respectively. Included in accounts payable and accrued expenses is interest payable to this related party of $1,240 and $1,264 at December 31, 2013 and 2012, respectively.

As of December 31, 2013 and 2012, the Company had loans to unconsolidated joint ventures of $2,756 and $3,345, respectively. Interest income associated with these notes was $281, $254 and $276 for the years ended December 31, 2013, 2012 and 2011, respectively. These loans represent initial funds advanced to development stage projects prior to construction loan funding. Correspondingly, loan payables in the same amount have been accrued as an obligation by the various joint ventures.

Due from affiliates includes $3,822 and $4,568 of unreimbursed costs and fees due from unconsolidated joint ventures under management agreements at December 31, 2013 and 2012, respectively.

Due from affiliates at December 31, 2013 and 2012 also includes two notes receivable from principals of AWE/Talisman that bear interest at 5.0% and mature based on the refinancing or sale of Fashion Outlets of Chicago, or certain other specified events. The notes are collateralized by the principals' interests in Fashion Outlets of Chicago. AWE/Talisman is considered a related party because it has an ownership interest in Fashion Outlets of Chicago. The balance on these notes was $13,603 and $12,500 at December 31, 2013 and 2012, respectively. Interest income earned on these notes was $625 and $478 for the years ended December 31, 2013 and 2012, respectively.

In addition, due from affiliates at December 31, 2013 includes a note receivable of $12,707 from RED/303 LLC ("RED") that bears interest at 5.25% and matures on March 29, 2016. Interest income earned on this note was $525 for the year ended December 31, 2013. RED is considered a related party because it is a partner in a joint venture development project. The note is collateralized by RED's membership interest in a development agreement.

20. Share and Unit-based Plans:

The Company has established share and unit-based compensation plans for the purpose of attracting and retaining executive officers, directors and key employees.

2003 Equity Incentive Plan:

The 2003 Equity Incentive Plan ("2003 Plan") authorizes the grant of stock awards, stock options, stock appreciation rights, stock units, stock bonuses, performance-based awards, dividend equivalent rights and OP Units or other convertible or exchangeable units. As of December 31, 2013, stock awards, stock units, LTIP Units (as defined below), stock appreciation rights ("SARs") and stock options have been granted under the 2003 Plan. All stock options or other rights to acquire common stock granted under the 2003 Plan have a term of 10 years or less. These awards were generally granted based on the performance of the Company and the employees. None of the awards have performance requirements other than a service condition of continued employment unless otherwise provided. All awards are subject to restrictions determined by the

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Company's compensation committee. The aggregate number of shares of common stock that may be issued under the 2003 Plan is 13,825,428 shares. As of December 31, 2013, there were 5,701,863 shares available for issuance under the 2003 Plan.
Stock Awards:
The value of the stock awards was determined by the market price of the Company's common stock on the date of the grant. The following table summarizes the activity of non-vested stock awards during the years ended December 31, 2013, 2012 and 2011:

	2013		2012		2011	
	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value	Shares	Weighted Average Grant Date Fair Value
Balance at beginning of year	20,924	$49.36	21,130	$40.68	63,351	$53.69
Granted	8,963	61.84	9,639	54.43	11,350	48.47
Vested	(10,886)	46.70	(9,845)	35.69	(53,571)	57.36
Forfeited	—	—	—	—	—	—
Balance at end of year	19,001	$56.77	20,924	$49.36	21,130	$40.68

Stock Units:
The stock units represent the right to receive upon vesting one share of the Company's common stock for one stock unit. The value of the outstanding stock units was determined by the market price of the Company's common stock on the date of the grant. The following table summarizes the activity of non-vested stock units during the years ended December 31, 2013, 2012 and 2011:

	2013		2012		2011	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	114,677	$52.19	576,340	$11.71	1,038,549	$7.17
Granted	67,920	62.01	72,322	54.43	64,463	48.36
Vested	(45,279)	51.59	(533,985)	8.80	(519,272)	7.17
Forfeited	—	—	—	—	(7,400)	12.35
Balance at end of year	137,318	$57.24	114,677	$52.19	576,340	$11.71

SARs:
The executives have up to 10 years from the grant date to exercise the SARs. Upon exercise, the executives will receive unrestricted common shares for the appreciation in value of the SARs from the grant date to the exercise date. The Company determined the value of each SAR awarded during the year ended December 31, 2012 to be $9.67 using the Black Scholes Option Pricing Model based upon the following assumptions: volatility of 25.85%, dividend yield of 3.69%, risk free rate of 1.20%, current value of $59.57 and an expected term of 8 years. The value of each of the other outstanding SARs was determined at the grant date to be $7.68 based upon the following assumptions: volatility of

22.52%, dividend yield of 5.23%, risk free rate of 3.15%, current value of $61.17 and an expected term of 8 years. The assumptions for volatility and dividend yield were based on the Company's historical experience as a publicly traded company, the current value was based on the closing price on the date of grant and the risk free rate was based upon the interest rate of the 10-year Treasury bond on the date of grant. The following table summarizes the activity of SARs awards during the years ended December 31, 2013, 2012 and 2011:

(Dollars in thousands, except per share amounts)

	2013		2012		2011	
	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price	Units	Weighted Average Exercise Price
Balance at beginning of year	1,164,185	$56.66	1,156,985	$56.55	1,242,314	$56.56
Granted	—	—	39,932	59.57	—	—
Exercised	(93,194)	56.63	(32,732)	56.63	—	—
Forfeited	—	—	—	—	(85,329)	56.63
Balance at end of year	1,070,991	$56.66	1,164,185	$56.66	1,156,985	$56.55

Long-Term Incentive Plan Units:

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

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

On February 28, 2011, the Company granted 190,000 market-indexed LTIP Units to four executive officers at a weighted average grant date fair value of $43.30 per LTIP Unit. The grants vested over a service period ending January 31, 2012. On February 7, 2012, the compensation committee determined that the LTIP Units granted under the LTIP on February 28, 2011 had vested at the 150% level based on the Company's percentile ranking in terms of Total Return per common stock share compared to the Total Return of a group of peer REITs during the period of February 1, 2011 to January 31, 2012. As a result, the compensation committee granted an additional 95,000 LTIP Units, which vested as of January 31, 2012.

On February 23, 2012, the Company granted 190,000 market-indexed LTIP Units to four executive officers at a weighted average grant date fair value of $37.77 per LTIP Unit. On April 16, 2012, the Company granted 10,000 market-indexed LTIP Units to a new executive officer at a weighted average grant date fair value of $54.97 per LTIP Unit. The market-indexed LTIP Unit grants vested over a service period ending January 31, 2013. On September 1, 2012, the Company granted 20,000 LTIP Units to a new executive officer at a weighted average fair value of $59.57 per LTIP Unit that were fully vested on the grant date. On February 11, 2013, the compensation committee determined that the market-indexed LTIP Units granted under the LTIP in 2012 had vested at the 100% level, based on the Company's percentile ranking in terms of Total Return per common stock share compared to the Total Return of a group of peer REITs during the period of February 1, 2012 to January 31, 2013. As a result, the 200,000 market-indexed LTIP Units vested as of January 31, 2013.

On February 15, 2013, the Company granted 332,189 market-indexed LTIP Units ("2013 LTIP Units") to seven executive officers at a weighted average grant date fair value of $66.58 per LTIP Unit. The grants vested over a service period ending December 31, 2013. On January 16, 2014, the compensation committee determined that the 2013 LTIP Units had vested at the 96% level, based on the Company's percentile ranking in terms of Total Return per common stock share compared to the Total Return of a group of peer REITs during the January 1, 2013 to December 31, 2013. As a result, 318,900 LTIP Units vested and 13,289 LTIP Units were forfeited as of December 31, 2013.

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The fair value of the market-indexed LTIP Units was estimated on the date of grant using a Monte Carlo Simulation model. The stock price of the Company, along with the stock prices of the group of peer REITs (for market-indexed awards), is assumed to follow the Multivariate Geometric Brownian Motion Process. Multivariate Geometric Brownian Motion is a common assumption when modeling in financial markets, as it allows the modeled quantity (in this case, the stock price) to vary randomly from its current value and take any value greater than zero. The volatilities of the returns on the share price of the Company and the peer group REITs were estimated based on a look-back period. The expected growth rate of the stock prices over the "derived service period" is determined with consideration of the risk free rate as of the grant date.
The following table summarizes the activity of non-vested LTIP Units during the years ended December 31, 2013, 2012 and 2011:

	2013		2012		2011	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	200,000	$38.63	190,000	$43.30	272,226	$50.68
Granted	332,189	66.58	315,000	40.53	422,631	46.48
Vested	(518,900)	55.81	(305,000)	44.85	(504,857)	49.85
Forfeited	(13,289)	66.58	—	—	—	—
Balance at end of year	—	$—	200,000	$38.63	190,000	$43.30

Stock Options:
The Company measured the value of each option awarded during the year ended December 31, 2012 to be $9.67 using the Black-Scholes Option Pricing Model based upon the following assumptions: volatility of 25.85%, dividend yield of 3.69%, risk free rate of 1.20%, current value of $59.57 and an expected term of 8 years. The assumptions for volatility and dividend yield were based on the Company's historical experience as a publicly traded company, the current value was based on the closing price on the date of grant and the risk free rate was based upon the interest rate of the 10-year Treasury bond on the date of grant.
The following table summarizes the activity of stock options for the years ended December 31, 2013, 2012 and 2011:

	2013		2012		2011	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Balance at beginning of year	12,768	$54.69	2,700	$36.51	110,711	$75.08
Granted	—	—	10,068	59.57	—	—
Exercised	(2,700)	36.51	—	—	—	—
Forfeited	—	—	—	—	(108,011)	76.05
Balance at end of year	10,068	$59.57	12,768	$54.69	2,700	$36.51

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Directors' Phantom Stock Plan:
The Directors' Phantom Stock Plan offers non-employee members of the board of directors ("Directors") the opportunity to defer their cash compensation and to receive that compensation in common stock rather than in cash after termination of service or a predetermined period. Compensation generally includes the annual retainers payable by the Company to the Directors. Deferred amounts are generally credited as units of phantom stock at the beginning of each three-year deferral period by dividing the present value of the deferred compensation by the average fair market value of the Company's common stock at the date of award. Compensation expense related to the phantom stock awards was determined by the amortization of the value of the stock units on a straight-line basis over the applicable service period. The stock units (including dividend equivalents) vest as the Directors' services (to which the fees relate) are rendered. Vested phantom stock units are ultimately paid out in common stock on a one-unit for one-share basis. To the extent elected by a Director, stock units receive dividend equivalents in the form of additional stock units based on the dividend amount paid on the common stock. The aggregate number of phantom stock units that may be granted under the Directors' Phantom Stock Plan is 500,000. As of December 31, 2013, there were 223,694 units available for grant under the Directors' Phantom Stock Plan.
The following table summarizes the activity of the non-vested phantom stock units for the years ended December 31, 2013, 2012 and 2011:

	2013		2012		2011	
	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value	Units	Weighted Average Grant Date Fair Value
Balance at beginning of year	—	$—	15,745	$34.84	29,783	$34.18
Granted	34,266	59.04	7,896	57.29	10,534	48.51
Vested	(16,691)	59.44	(22,179)	45.24	(24,572)	39.89
Forfeited	—	—	(1,462)	33.74	—	—
Balance at end of year	17,575	$58.66	—	$—	15,745	$34.84

Employee Stock Purchase Plan ("ESPP"):
The ESPP authorizes eligible employees to purchase the Company's common stock through voluntary payroll deductions made during periodic offering periods. Under the ESPP common stock is purchased at a 15% discount from the lesser of the fair value of common stock at the beginning and end of the offering period. A maximum of 750,000 shares of common stock is available for purchase under the ESPP. The number of shares available for future purchase under the plan at December 31, 2013 was 565,325.

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Compensation:
The following summarizes the compensation cost under the share and unit-based plans for the years ended December 31, 2013, 2012 and 2011:

	2013	2012	2011
Stock awards	$497	$598	$749
Stock units	3,839	3,379	7,526
LTIP units	22,778	9,436	8,955
SARs	—	583	626
Stock options	16	21	—
Phantom stock units	992	953	980
	$28,122	$14,970	$18,836

During the year ended December 31, 2011, as part of the separation agreements with six former employees, the Company modified the terms of 61,570 stock units, 2,281 stock awards and 43,204 SARs. As a result of these modifications, the Company recognized additional compensation cost of $3,333 during the year ended December 31, 2011.
During the year ended December 31, 2012, the Company modified the terms of 20,000 LTIP units and 54,405 SARs of a former executive officer. As a result of this modification, the Company recognized an additional compensation cost of $1,214 during the year ended December 31, 2012.
The Company capitalized share and unit-based compensation costs of $3,915, $2,646 and $6,231 for the years ended December 31, 2013, 2012 and 2011, respectively.
The fair value of the stock awards and stock units that vested during the years ended December 31, 2013, 2012 and 2011 was $3,516, $30,454 and $27,160, respectively. Unrecognized compensation costs of share and unit-based plans at December 31, 2013 consisted of $765 from stock awards, $2,976 from stock units, $59 from stock options and $1,031 from phantom stock units.

(Dollars in thousands, except per share amounts)

21. Employee Benefit Plans:

401(k) Plan:

The Company has a defined contribution retirement plan that covers its eligible employees (the "Plan"). The Plan is a defined contribution retirement plan covering eligible employees of The Macerich Property Management Company LLC and participating affiliates. The Plan is qualified in accordance with section 401(a) of the Code. Effective January 1, 1995, the Plan was amended to constitute a qualified cash or deferred arrangement under section 401(k) of the Code, whereby employees can elect to defer compensation subject to Internal Revenue Service withholding rules. This Plan was further amended effective as of February 1, 1999 to add The Macerich Company Common Stock Fund as a new investment alternative under the Plan. A total of 150,000 shares of common stock were reserved for issuance under the Plan, which was subsequently increased by an additional 500,000 shares in February 2013. On January 1, 2004, the Plan adopted the "Safe Harbor" provision under Sections 401(k)(12) and 401(m)(11) of the Code. In accordance with adopting these provisions, the Company makes matching contributions equal to 100 percent of the first three percent of compensation deferred by a participant and 50 percent of the next two percent of compensation deferred by a participant. During the years ended December 31, 2013, 2012 and 2011, these matching contributions made by the Company were $3,017, $3,094 and $3,077, respectively. Contributions and matching contributions to the Plan by the plan sponsor and/or participating affiliates are recognized as an expense of the Company in the period that they are made.

Deferred Compensation Plans:

The Company has established deferred compensation plans under which key executives of the Company may elect to defer receiving a portion of their cash compensation otherwise payable in one calendar year until a later year. The Company may, as determined by the Board of Directors in its sole discretion prior to the beginning of the plan year, credit a participant's account with a matching amount equal to a percentage of the participant's deferral. The Company contributed $843, $648 and $570 to the plans during the years ended December 31, 2013, 2012 and 2011, respectively. Contributions are recognized as compensation in the periods they are made.

22. Income Taxes:

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains, unrecaptured Section 1250 gain and return of capital or a combination thereof. The following table details the components of the distributions, on a per share basis, for the years ended December 31:

	2013			2012			2011		
Ordinary income	$1.02	43.3	%	$0.74	33.2	%	$0.85	41.5	%
Capital gains	1.24	52.5	%	1.13	50.7	%	0.01	0.5	%
Unrecaptured Section 1250 gain	0.10	4.2	%	0.36	16.1	%	0.04	2.0	%
Return of capital	—	—	%	—	—	%	1.15	56.0	%
Dividends paid	$2.36	100.0	%	$2.23	100.0	%	$2.05	100.0	%

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 income tax (expense) benefit of the TRSs for the years ended December 31, 2013, 2012 and 2011 are as follows:

	2013		2012	2011
Current	$(142	)	$—	$—
Deferred	1,834		4,159	6,110
Income tax benefit	$1,692		$4,159	$6,110

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Income tax benefit of the TRSs for the years ended December 31, 2013, 2012 and 2011 are reconciled to the amount computed by applying the Federal Corporate tax rate as follows:

	2013	2012	2011
Book loss for TRSs	$11,709	$16,154	$19,558
Tax at statutory rate on earnings from continuing operations before income taxes	$3,981	$5,493	$6,650
Other	(2,289)	(1,334)	(540)
Income tax benefit	$1,692	$4,159	$6,110

The net operating loss carryforwards are currently scheduled to expire through 2033, beginning in 2021. Net deferred tax assets of $31,356 and $33,414 were included in deferred charges and other assets, net at December 31, 2013 and 2012, respectively. The tax effects of temporary differences and carryforwards of the TRSs included in the net deferred tax assets at December 31, 2013 and 2012 are summarized as follows:

	2013	2012
Net operating loss carryforwards	$26,394	$33,781
Property, primarily differences in depreciation and amortization, the tax basis of land assets and treatment of certain other costs	3,673	(1,973)
Other	1,289	1,606
Net deferred tax assets	$31,356	$33,414

For the years ended December 31, 2013, 2012 and 2011 there were no unrecognized tax benefits.
The tax years 2009 through 2012 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 12 months.

23. Quarterly Financial Data (Unaudited):

The following is a summary of quarterly results of operations for the years ended December 31, 2013 and 2012:

	2013 Quarter Ended				2012 Quarter Ended			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenues(1)	$282,137	$258,154	$245,877	$243,307	$229,207	$195,799	$185,055	$187,456
Net income (loss) attributable to the Company(2)	$144,878	$38,123	$218,997	$18,092	$174,247	$43,893	$133,354	$(14,068)
Net income (loss) attributable to common stockholders per share-basic	1.03	0.27	1.57	0.13	1.27	0.33	1.00	(0.11)
Net income (loss) attributable to common stockholders per share-diluted	1.03	0.27	1.57	0.13	1.27	0.33	1.00	(0.11)

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(1) Revenues as reported on the Company's Quarterly Reports on Form 10-Q have been reclassified to reflect adjustments for discontinued operations.

(2) Net income attributable to the Company for the quarter ended December 31, 2013 includes the gain of $151,467 on the sale of Chesterfield Towne Center and Centre at Salisbury (See Note 16—Discontinued

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Operations). Net income attributable to the Company for the fourth quarter 2012 includes a remeasurement gain of $84,227 on the purchase of the ownership interest in FlatIron Crossing and a remeasurement gain of $115,729 on the purchase of the ownership interest in Arrowhead Towne Center (See Note 15—Acquisitions).

24. Subsequent Events:

On January 15, 2014, the Company sold Rotterdam Square, a 585,000 square foot regional shopping center in Schenectady, New York, for $8,500. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 30, 2014, the Company announced a dividend/distribution of $0.62 per share for common stockholders and OP Unit holders of record on February 21, 2014. All dividends/distributions will be paid 100% in cash on March 7, 2014.

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THE MACERICH COMPANY
Schedule III—Real Estate and Accumulated Depreciation
December 31, 2013
(Dollars in thousands)

	Initial Cost to Company				Gross Amount at Which Carried at Close of Period						
Shopping Centers/Entities	Land	Building and Improvements	Equipment and Furnishings	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Equipment and Furnishings	Construction in Progress	Total	Accumulated Depreciation	Total Cost Net of Accumulated Depreciation
Arrowhead Towne Center	$36,687	$386,662	$—	$2,885	$36,687	$389,231	$316	$—	$426,234	$12,919	$413,315
Black Canyon Auto Park	20,600	—	—	12,073	32,664	—	—	9	32,673	—	32,673
Camelback Colonnade	16,015	82,145	—	773	16,121	82,801	11	—	98,933	628	98,305
Capitola Mall	20,395	59,221	—	11,137	20,392	68,778	1,317	266	90,753	27,977	62,776
Chandler Fashion Center	24,188	223,143	—	11,622	24,188	230,549	4,216	—	258,953	75,200	183,753
Danbury Fair Mall	130,367	316,951	—	88,767	142,751	388,380	4,942	12	536,085	91,563	444,522
Deptford Mall	48,370	194,250	—	36,111	61,029	213,969	1,680	2,053	278,731	44,444	234,287
Desert Sky Mall	9,447	37,245	12	1,723	9,447	38,259	659	62	48,427	3,875	44,552
Eastland Mall	22,050	151,605	—	3,153	22,066	154,333	409	—	176,808	9,122	167,686
Estrella Falls	10,550	—	—	74,336	10,747	—	—	74,139	84,886	—	84,886
Fashion Outlets of Chicago	—	—	—	247,781	40,575	196,505	2,062	8,639	247,781	3,994	243,787
Fashion Outlets of Niagara Falls USA	18,581	210,139	—	18,680	16,998	207,665	27	22,710	247,400	18,357	229,043
Flagstaff Mall	5,480	31,773	—	16,824	5,480	48,115	482	—	54,077	14,932	39,145
Flagstaff Mall, The Marketplace at	—	—	—	52,836	—	52,830	6	—	52,836	14,071	38,765
FlatIron Crossing	109,851	333,540	—	11,342	109,851	343,662	314	906	454,733	14,512	440,221
Freehold Raceway Mall	164,986	362,841	—	95,393	168,098	451,340	3,715	67	623,220	120,982	502,238
Fresno Fashion Fair	17,966	72,194	—	46,233	17,966	116,735	1,692	—	136,393	49,738	86,655
Great Northern Mall	12,187	62,657	—	(18,482)	7,481	48,533	348	—	56,362	19,567	36,795
Green Acres Mall	156,640	321,034	—	25,890	156,640	323,046	148	23,730	503,564	11,915	491,649
Kings Plaza Shopping Center	209,041	485,548	20,000	4,692	209,041	487,565	20,736	1,939	719,281	18,067	701,214

La Cumbre Plaza	18,122	21,492	—	23,322	17,280	45,231	233	192	62,936	18,645	44,291
Lake Square Mall	6,386	14,739	—	(7,095)	4,018	9,918	94	—	14,030	1,051	12,979
Macerich Management Co.	—	8,685	26,562	42,663	1,969	6,695	65,999	3,247	77,910	56,448	21,462
MACWH, LP	—	25,771	—	15,760	11,557	27,455	—	2,519	41,531	6,289	35,242
Northgate Mall	8,400	34,865	841	100,496	13,414	127,308	3,201	679	144,602	55,325	89,277
NorthPark Mall	7,746	74,661	—	3,703	7,885	78,101	124	—	86,110	5,483	80,627
Oaks, The	32,300	117,156	—	237,237	55,527	327,074	2,299	1,793	386,693	88,783	297,910
Pacific View	8,697	8,696	—	128,559	7,854	135,852	2,246	—	145,952	49,644	96,308
Panorama Mall	4,373	17,491	—	9,298	4,420	24,322	396	2,024	31,162	8,103	23,059
Paradise Valley Mall	24,565	125,996	—	41,756	35,921	153,897	2,131	368	192,317	52,065	140,252

See accompanying report of independent registered public accounting firm.

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THE MACERICH COMPANY
Schedule III—Real Estate and Accumulated Depreciation (Continued)
December 31, 2013
(Dollars in thousands)

	Initial Cost to Company				Gross Amount at Which Carried at Close of Period					
Shopping Centers/Entities	Land	Building and Improvements	Equipment and Furnishings	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Equipment and Furnishings	Construction in Progress	Total	Ac De
Paradise Village Ground Leases	8,880	2,489	—	(6,876)	3,870	623	—	—	4,493	244
Paradise Village Office Park II	1,150	1,790	—	3,256	2,300	3,617	279	—	6,196	2,0
Promenade at Casa Grande	15,089	—	—	84,774	8,851	91,006	6	—	99,863	28,
Rotterdam Square	7,018	32,736	—	(20,793)	1,849	17,011	101	—	18,961	10,
Santa Monica Place	26,400	105,600	—	286,156	48,374	359,952	7,709	2,121	418,156	51,
SanTan Adjacent Land	29,414	—	—	5,075	29,506	—	—	4,983	34,489	—
SanTan Village Regional Center	7,827	—	—	192,763	6,344	193,429	815	2	200,590	62,
Somersville Towne Center	4,096	20,317	1,425	9,792	3,054	32,000	513	63	35,630	24,
SouthPark Mall	7,035	38,215	—	367	7,017	38,097	97	406	45,617	2,8
South Plains Mall	23,100	92,728	—	31,321	23,100	122,820	1,223	6	147,149	49,
South Towne Center	19,600	78,954	—	28,358	20,360	105,104	1,368	80	126,912	46,
Southridge Center	6,764	—	—	16,526	6,514	16,747	29	—	23,290	559
Superstition Springs Center	10,928	112,718	—	157	9,273	112,441	49	2,040	123,803	558
Superstition Springs Power Center	1,618	4,420	—	(11)	1,618	4,326	83	—	6,027	1,3
Tangerine (Marana), The Shops at	36,158	—	—	(1,553)	16,922	—	—	17,683	34,605	—
The Macerich Partnership, L.P.	—	2,534	—	4,641	—	—	6,301	874	7,175	1,7
Towne Mall	6,652	31,184	—	3,308	6,877	34,016	251	—	41,144	10,
Tucson La Encantada	12,800	19,699	—	55,209	12,800	74,709	199	—	87,708	35,
Twenty Ninth Street	—	37,843	64	211,796	23,599	225,062	1,042	—	249,703	82,

Valley Mall	16,045	26,098	—	3,929	15,616	30,175	64	217	46,072	2,0
Valley River Center	24,854	147,715	—	16,629	24,854	162,698	1,530	116	189,198	39,
Victor Valley, Mall of	15,700	75,230	—	49,584	20,080	118,513	1,910	11	140,514	29,
Vintage Faire Mall	14,902	60,532	—	53,659	17,647	110,176	1,270	—	129,093	51,
Westside Pavilion	34,100	136,819	—	70,299	34,100	201,182	5,754	182	241,218	81,
Wilton Mall	19,743	67,855	—	14,552	19,810	81,165	1,159	16	102,150	20,
500 North Michigan Avenue	12,851	55,358	—	1,837	12,851	56,463	92	640	70,046	3,8
Mervyn's (former locations)	12,597	87,551	—	13,335	11,471	93,219	418	8,375	113,483	21,
Other land and development properties	49,913	—	—	76,767	50,281	30,266	133	46,000	126,680	4,9
	$1,569,224	$5,018,885	$48,904	$2,544,325	$1,707,005	$7,092,966	$152,198	$229,169	$9,181,338	$1,

See accompanying report of independent registered public accounting firm.

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THE MACERICH COMPANY
Schedule III—Real Estate and Accumulated Depreciation (Continued)
December 31, 2013
(Dollars in thousands)

Depreciation of the Company's investment in buildings and improvements reflected in the consolidated statements of operations are calculated over the estimated useful lives of the asset as follows:

Buildings and improvements	5 - 40 years
Tenant improvements	5 - 7 years
Equipment and furnishings	5 - 7 years

The changes in total real estate assets for the three years ended December 31, 2013 are as follows:

	2013	2012	2011
Balances, beginning of year	$9,012,706	$7,489,735	$6,908,507
Additions	943,159	1,909,530	784,717
Dispositions and retirements	(774,527)	(386,559)	(203,489)
Balances, end of year	$9,181,338	$9,012,706	$7,489,735

The aggregate gross cost of the property included in the table above for federal income tax purposes was $7,343,322 (unaudited) at December 31, 2013.

The changes in accumulated depreciation for the three years ended December 31, 2013 are as follows:

	2013	2012	2011
Balances, beginning of year	$1,533,160	$1,410,692	$1,234,380
Additions	284,500	241,231	223,630
Dispositions and retirements	(258,088)	(118,763)	(47,318)
Balances, end of year	$1,559,572	$1,533,160	$1,410,692

See accompanying report of independent registered public accounting firm.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on February 21, 2014.

THE MACERICH COMPANY

By /s/ ARTHUR M. COPPOLA

Arthur M. Coppola
Chairman and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ARTHUR M. COPPOLA Arthur M. Coppola	Chairman and Chief Executive Officer and Director (Principal Executive Officer)	February 21, 2014
/s/ DANA K. ANDERSON Dana K. Anderson	Vice Chairman of the Board	February 21, 2014
/s/ EDWARD C. COPPOLA Edward C. Coppola	President and Director	February 21, 2014
/s/ DOUGLAS ABBEY Douglas Abbey	Director	February 21, 2014
/s/ FREDERICK HUBBELL Frederick Hubbell	Director	February 21, 2014
/s/ DIANA LAING Diana Laing	Director	February 21, 2014

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Signature	Capacity	Date
/s/ STANLEY MOORE Stanley Moore	Director	February 21, 2014
/s/ MASON ROSS Mason Ross	Director	February 21, 2014
/s/ DR. WILLIAM SEXTON Dr. William Sexton	Director	February 21, 2014
/s/ STEVEN SOBOROFF Steven Soboroff	Director	February 21, 2014
/s/ ANDREA STEPHEN Andrea Stephen	Director	February 21, 2014
/s/ THOMAS E. O'HERN Thomas E. O'Hern	Senior Executive Vice President, Treasurer and Chief Financial and Accounting Officer (Principal Financial and Accounting Officer)	February 21, 2014

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EXHIBIT INDEX

Exhibit Number	Description
2.1	Contribution Agreement and Joint Escrow Instructions, dated October 21, 2012, by and among Alexander's Kings Plaza, LLC, Alexander's of Kings, LLC, Kings Parking, LLC and Brooklyn Kings Plaza LLC (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date November 28, 2012).
2.2	Agreement of Sale and Purchase, dated October 21, 2012, by and among Green Acres Mall, L.L.C. and Valley Stream Green Acres LLC (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date January 24, 2013).
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)).
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).
3.1.2	Articles Supplementary of the Company (with respect to the first paragraph) (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
3.1.3	Articles Supplementary of the Company (Series D Preferred Stock) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
3.1.4	Articles Supplementary of the Company (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-3, as amended (No. 333-88718)).
3.1.5	Articles of Amendment (declassification of Board) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
3.1.6	Articles Supplementary (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date February 5, 2009).
3.1.7	Articles of Amendment (increased authorized shares) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
3.2	Amended and Restated Bylaws of the Company (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date January 29, 2014).
4.1	Form of Common Stock Certificate (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, as amended, event date November 10, 1998).
4.2	Form of Preferred Stock Certificate (Series D Preferred Stock) (incorporated by reference as an exhibit to the Company's Registration Statement on Form S-3 (No. 333-107063)).
10.1	Amended and Restated Limited Partnership Agreement for the Operating Partnership dated as of March 16, 1994 (incorporated by reference as an exhibit to the Company's 1996 Form 10-K).
10.1.1	

	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated June 27, 1997 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date June 20, 1997).
10.1.2	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated November 16, 1997 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).

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Exhibit Number	Description
10.1.3	Fourth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 25, 1998 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.1.4	Fifth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 26, 1998 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.1.5	Sixth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated June 17, 1998 (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
10.1.6	Seventh Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated December 23, 1998 (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
10.1.7	Eighth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated November 9, 2000 (incorporated by reference as an exhibit to the Company's 2000 Form 10-K).
10.1.8	Ninth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated July 26, 2002 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K event date July 26, 2002).
10.1.9	Tenth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated October 26, 2006 (incorporated by reference as an exhibit to the Company's 2006 Form 10-K).
10.1.10	Eleventh Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated as of March 16, 2007 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date March 16, 2007).
10.1.11	Twelfth Amendment to the Amended and Restated Limited Partnership Agreement of the Operating Partnership dated as of April 30, 2009 (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2009).
10.1.12	Thirteenth Amendment to the Amended and Restated Limited Partnership Agreement of the Operating Partnership dated as of October 29, 2009 (incorporated by reference as an exhibit to the Company's 2009 Form 10-K).
10.1.13	Form of Fourteenth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 25, 2005).
10.2	[Intentionally omitted]
10.3	[Intentionally omitted]

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Exhibit Number		Description
10.4		[Intentionally omitted]
10.5	*	Amended and Restated Deferred Compensation Plan for Executives (2003) (incorporated by reference as an exhibit to the Company's 2003 Form 10-K).
10.5.1	*	Amendment Number 1 to Amended and Restated Deferred Compensation Plan for Executives (October 30, 2008) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.5.2	*	Amendment Number 2 to Amended and Restated Deferred Compensation Plan for Executives (May 1, 2011) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2011).
10.5.3	*	Amendment Number 3 to Amended and Restated Deferred Compensation Plan for Executives (September 27, 2012) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.6	*	Amended and Restated Deferred Compensation Plan for Senior Executives (2003) (incorporated by reference as an exhibit to the Company's 2003 Form 10-K).
10.6.1	*	Amendment Number 1 to Amended and Restated Deferred Compensation Plan for Senior Executives (October 30, 2008) (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.6.2	*	Amendment Number 2 to Amended and Restated Deferred Compensation Plan for Senior Executives (May 1, 2011) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10 Q for the quarter ended June 30, 2011).
10.6.3	*	Amendment Number 3 to Amended and Restated Deferred Compensation Plan for Senior Executives (September 27, 2012) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.7	*	Eligible Directors' Deferred Compensation/Phantom Stock Plan (as amended and restated as of January 1, 2013) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013).
10.8	*	2013 Deferred Compensation Plan for Executives (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.8.1	*	Amendment Number 1 to 2013 Deferred Compensation Plan for Executives (March 29, 2013) (incorporated by reference as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2013).
10.9		Deferred Compensation Plan Rabbi Trust between the Company and Wilmington Trust, National Association, effective as of October 1, 2012 (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.10		Registration Rights Agreement, dated as of March 16, 1994, among the Company and Mace Siegel, Dana K. Anderson, Arthur M. Coppola and Edward C. Coppola (incorporated by reference as an exhibit to the

	Company's 1996 Form 10-K).
10.11	Registration Rights Agreement, dated as of March 16, 1994, between the Company and The Northwestern Mutual Life Insurance Company (incorporated by reference as an exhibit to the Company’s 1996 Form 10-K).

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Exhibit Number	Description
10.12	Registration Rights Agreement dated as of December 18, 2003 by the Operating Partnership, the Company and Taubman Realty Group Limited Partnership (Registration rights assigned by Taubman to three assignees) (incorporated by reference as an exhibit to the Company's 2003 Form 10-K).
10.13	Incidental Registration Rights Agreement dated March 16, 1994 (incorporated by reference as an exhibit to the Company's 1996 Form 10-K).
10.14	Incidental Registration Rights Agreement dated as of July 21, 1994 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.15	Incidental Registration Rights Agreement dated as of August 15, 1995 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.16	Incidental Registration Rights Agreement dated as of December 21, 1995 (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.17	List of Omitted Incidental/Demand Registration Rights Agreements (incorporated by reference as an exhibit to the Company's 1997 Form 10-K).
10.18	Redemption, Registration Rights and Lock-Up Agreement dated as of July 24, 1998 between the Company and Harry S. Newman, Jr. and LeRoy H. Brettin (incorporated by reference as an exhibit to the Company's 1998 Form 10-K).
10.19	Form of Indemnification Agreement between the Company and its executive officers and directors (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.20	Form of Registration Rights Agreement with Series D Preferred Unit Holders (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
10.20.1	List of Omitted Registration Rights Agreements (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date July 26, 2002).
10.21	$1,500,000,000 Revolving Loan Facility and $125,000,000 Term Loan Facility Amended and Restated Credit Agreement, dated as of August 6, 2013, by and among the Company, The Macerich Partnership, L.P., Deutsche Bank Trust Company Americas, as administrative agent; Deutsche Bank Securities Inc., J.P. Morgan Securities LLC and Wells Fargo Securities, LLC as joint lead arrangers and joint bookrunning managers; JP Morgan Chase Bank, N.A. and Wells Fargo Bank, N.A. as co-syndication agents, and various lenders party thereto (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date August 6, 2013).
10.22	Amended and Restated Unconditional Guaranty, dated as of August 6, 2013, by the Company in favor of Deutsche Bank Trust Company Americas, as administrative agent (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date August 6, 2013).
10.23	[Intentionally omitted]
10.24	

	Tax Matters Agreement dated as of July 26, 2002 between The Macerich Partnership L.P. and the Protected Partners (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002).
10.24.1	Tax Matters Agreement (Wilmorite) (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 25, 2005).

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Exhibit Number		Description
10.25		[Intentionally omitted]
10.26		[Intentionally omitted]
10.27	*	2003 Equity Incentive Plan, as amended and restated as of June 8, 2009 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date June 12, 2009).
10.27.1	*	Amended and Restated Cash Bonus/Restricted Stock/Stock Unit and LTIP Unit Award Program under the 2003 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's 2010 Form 10-K).
10.27.2	*	Form of Restricted Stock Award Agreement under 2003 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.27.3	*	Form of Stock Unit Award Agreement under 2003 Equity Incentive (incorporated by reference as an exhibit to the Company's 2011 Form 10 K).
10.27.4	*	Form of Employee Stock Option Agreement under 2003 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.27.5	*	Form of Non-Qualified Stock Option Grant under 2003 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.27.6	*	Form of Restricted Stock Award Agreement for Non-Management Directors (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.27.7	*	Form of Stock Unit Award Agreement under 2003 Equity Incentive Plan for Non-Employee Directors.
10.27.8	*	Form of Stock Appreciation Right under 2003 Equity Incentive Plan (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).
10.27.9	*	Form of LTIP Award Agreement under 2003 Equity Incentive Plan (Service-Based) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008).
10.27.10	*	Form of LTIP Unit Award Agreement under 2003 Equity Incentive Plan (Performance-Based) (incorporated by reference as an exhibit to the Company's 2011 Form 10-K).
10.27.11	*	Form of LTIP Unit Award Agreement under 2003 Equity Incentive Plan (Performance-Based/Outperformance) (incorporated by reference as an exhibit to the Company's 2011 Form 10-K).
10.28	*	Amendment and Restatement of the Employee Stock Purchase Plan (as amended and restated as of June 1, 2013) (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2013).
10.29	*	Form of Management Continuity Agreement (incorporated by reference as an exhibit to the Company's 2008 Form 10-K).

10.29.1	*	List of Omitted Management Continuity Agreements.
10.29.2	*	Termination of Management Continuity Agreement between the Company and Arthur M. Coppola, effective March 15, 2013 (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2013).

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Exhibit Number		Description
10.29.3	*	Notices dated August 28, 2013 from the Company to Edward Coppola and Thomas O’Hern regarding their respective management continuity agreements (incorporated by reference as an exhibit to the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2013).
10.29.4	*	Management Continuity Agreement between the Company and Thomas J. Leanse, effective January 1, 2013 (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.30	*	Employment Agreement between the Company, The Macerich Partnership, L.P. and Thomas J. Leanse, effective as of September 1, 2012 (incorporated by reference as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2012).
10.31		2005 Amended and Restated Agreement of Limited Partnership of MACWH, LP dated as of April 25, 2005 (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 25, 2005).
10.32		Registration Rights Agreement dated as of April 25, 2005 among the Company and the persons names on Exhibit A thereto (incorporated by reference as an exhibit to the Company's Current Report on Form 8-K, event date April 25, 2005).
10.33	*	Description of Director and Executive Compensation Arrangements
21.1		List of Subsidiaries
23.1		Consent of Independent Registered Public Accounting Firm (KPMG LLP)
31.1		Section 302 Certification of Arthur Coppola, Chief Executive Officer
31.2		Section 302 Certification of Thomas O'Hern, Chief Financial Officer
32.1		Section 906 Certifications of Arthur Coppola and Thomas O'Hern
101.INS		XBRL Instance Document
101.SCH		XBRL Taxonomy Extension Schema Document
101.CAL		XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB		XBRL Taxonomy Extension Label Linkbase Document
101.PRE		XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF		XBRL Taxonomy Extension Definition Linkbase Document

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

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