MACERICH CO
Form 10-K
February 23, 2016
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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, 2015
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. o
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 $11.8 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 22, 2016: 149,149,560 shares
DOCUMENTS INCORPORATED BY REFERENCE
Portions of the proxy statement for the annual stockholders meeting to be held in 2016 are incorporated by reference into Part III of this Form 10-K.

THE MACERICH COMPANY
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2015
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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. Such factors include, among others, general industry, as well as national, regional and local economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates, terms and payments, interest rate fluctuations, availability, terms and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development and redevelopment, acquisitions and dispositions; the liquidity of real estate investments, governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities or other acts of violence which could adversely affect all of the above factors. You are urged to carefully review the disclosures we make concerning 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, 2015, the Operating Partnership owned or had an ownership interest in 51 regional shopping centers and seven community/power shopping centers. These 58 regional and community/power shopping centers (which include any related office space) consist of approximately 55 million square feet of gross leasable area ("GLA") and are referred to herein as the "Centers". The Centers consist of consolidated Centers ("Consolidated Centers") and unconsolidated joint venture Centers ("Unconsolidated Joint Venture Centers") as set forth in "Item 2. Properties," unless the context otherwise requires.

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 single member Colorado limited liability company, MACW Mall Management, Inc., a New York corporation, and MACW Property Management, LLC, a single member New York limited liability company. All seven of the management companies are collectively referred to herein as the "Management Companies."

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 Schedule."

Recent Developments

Acquisitions and Dispositions:

On February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center, an 866,000 square foot regional shopping center in San Bernardino, California, that it did not previously own for $51.3 million. The purchase price was funded by a cash payment of $26.3 million and the assumption of the third party's share of the mortgage note payable on the property of $25.0 million. Concurrent with the purchase of the joint venture interest, the Company paid off the $50.0 million loan on the property. The cash payment was funded by borrowings under the Company's line of credit. As a result of the acquisition, the Company recognized a gain on the remeasurement of assets of $22.1 million.

On April 30, 2015, the Company entered into a 50/50 joint venture with Sears to own nine freestanding stores located at Arrowhead Towne Center, Chandler Fashion Center, Danbury Fair Mall, Deptford Mall, Freehold Raceway Mall, Los Cerritos Center, South Plains Mall, Vintage Faire Mall and Washington Square. The Company invested $150.0 million for a 50% ownership interest in the joint venture, which was funded by borrowings under the Company's line of credit.

On October 30, 2015, the Company sold a 40% ownership interest in Pacific Premier Retail LLC (the "PPR Portfolio"), which owns Lakewood Center, a 2,075,000 square foot regional shopping center in Lakewood, California; Los Cerritos Center, a 1,292,000 square foot regional shopping center in Cerritos, California; South Plains Mall, a 1,127,000 square foot regional shopping center in Lubbock, Texas; and Washington Square, a 1,441,000 square foot regional shopping center in Portland, Oregon, for a total sales price of $1.3 billion, resulting in a gain on the sale of assets of $311.2 million. The sales price was funded by a cash payment of $545.6 million and the assumption of the pro rata share of the mortgage notes payable on the properties of $713.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the ASR and Special Dividend (See "Other Events and Transactions" in Recent Developments).

On November 19, 2015, the Company sold Panorama Mall, a 312,000 square foot community center in Panorama City, California, for $98.0 million, resulting in a gain on the sale of assets of $73.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On January 4, 2016, the Company announced that it had reached an agreement with Taubman Centers, Inc. to form a 50/50 joint venture, to acquire Country Club Plaza, a 1,300,000 square foot regional shopping center in Kansas City, Missouri for a total purchase price of $660.0 million. The Company anticipates that it will fund its pro rata share of $330.0 million with borrowings under its line of credit. The Company expects the purchase of Country Club Plaza, which is subject to usual and customary closing conditions, will be completed in the first quarter of 2016.

On January 6, 2016, the Company sold a 40% ownership interest in Arrowhead Towne Center, a 1,197,000 square foot regional shopping center in Glendale, Arizona for $284.0 million. The sales price was funded by a cash payment of $124.0 million and the assumption of the pro rata share of the mortgage note payable on the property of $160.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the Special Dividend (See "Other Events and Transactions" in Recent Developments).

On January 14, 2016, the Company formed a joint venture, whereby the Company sold a 49% ownership interest in Deptford Mall, a 1,040,000 square foot regional shopping center in Deptford, New Jersey; FlatIron Crossing, a 1,430,000 square foot regional shopping center in Broomfield, Colorado; and Twenty Ninth Street, an 850,000 square foot regional shopping center in Boulder, Colorado (the "MAC Heitman Portfolio") for $751.0 million. The sales price was funded by a cash

payment of $458.1 million and the assumption of a pro rata share of the mortgage note payable on the properties of $292.9 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

Financing Activity:

On February 3, 2015, the Company’s joint venture in The Market at Estrella Falls replaced the existing loan on the property with a new $26.5 million loan that bears interest at LIBOR plus 1.70% and matures on February 5, 2020, including the exercise of a one-year extension option.

On February 19, 2015, the Company placed a $280.0 million loan on Vintage Faire Mall that bears interest at an effective interest rate of 3.55% and matures on March 6, 2026.

On March 2, 2015, the Company paid off in full the loan on Lakewood Center, which resulted in a gain of $2.2 million on the early extinguishment of debt as a result of writing off the related debt premium. On May 12, 2015, the Company placed a new $410.0 million loan on the property that bears interest at an effective rate of 4.15% and matures on June 1, 2026. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

On March 3, 2015, the Company amended the loan on Fashion Outlets of Chicago. The amended $200.0 million loan bears interest at LIBOR plus 1.50% and matures on March 31, 2020.

On October 5, 2015, the Company paid off in full the existing loan on Washington Square. On October 29, 2015, the Company placed a new $550.0 million loan on the property that bears interest at an effective rate of 3.65% and matures on November 1, 2022. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

On October 23, 2015, the Company placed a $200.0 million loan on South Plains Mall that bears interest at an effective rate of 4.22% and matures on November 6, 2025. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

On October 28, 2015, the Company's joint venture in The Shops at Atlas Park placed a $57.8 million loan on the property that bears interest at LIBOR plus 2.25% and matures on October 22, 2020, including two one-year extension options.

On October 30, 2015, the Company replaced the existing loan on Los Cerritos Center with a new $525.0 million loan that bears interest at an effective rate of 4.00% and matures on November 1, 2027, which resulted in a loss of $0.9 million on the early extinguishment of debt. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

On October 30, 2015, the Company obtained a $100.0 million term loan ("PPR Term Loan") that bears interest at LIBOR plus 1.20% and matures on October 31, 2022. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

On January 6, 2016, the Company replaced the existing loan on Arrowhead Towne Center with a new $400.0 million loan that bears interest at an effective rate of 4.05% and matures on February 1, 2028. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the underlying property (See "Acquisitions and Dispositions" in Recent Developments).

On January 14, 2016, the Company placed a $150.0 million loan on Twenty Ninth Street that bears interest at an effective rate of 4.10% and matures on February 6, 2026. Concurrently, a 49% interest in the loan was assumed by a third party in connection with the sale of a 49% ownership interest in the MAC Heitman Portfolio (See "Acquisitions and Dispositions" in Recent Developments).

Redevelopment and Development Activity:

In February 2014, the Company's joint venture in Broadway Plaza started construction on the 235,000 square foot expansion of the 761,000 square foot regional shopping center in Walnut Creek, California. The joint venture completed a portion of the first phase of the project in November 2015 and expects the remaining portion of the first

phase to be completed in the second quarter of 2016. The second phase will be completed through Summer 2018. The total cost of the project is estimated to be $270.0 million, with $135.0 million estimated to be the Company's pro rata share. The Company has funded $98.9 million of the total $197.8 million incurred by the joint venture as of December 31, 2015.

The Company is currently expanding Green Acres Mall, a 1,799,000 square foot regional center in Valley Stream, New York to include a 335,000 square foot power center. The project started in July 2015 and is expected to be completed in late 2016. As of December 31, 2015, the Company has incurred $47.7 million in costs and estimates that the total cost of the project to be approximately $110.0 million.
The Company's joint venture is proceeding with the development of Fashion Outlets of Philadelphia, a redevelopment of the 850,000 square foot shopping center in Philadelphia, Pennsylvania. The project is expected to be completed in 2018 and 2019. The total cost of the project is estimated to be between $275.0 million and $335.0 million, with $137.5 million to $167.5 million estimated to be the Company's pro rata share. The Company has funded $30.6 million of the total $61.3 million incurred by the joint venture as of December 31, 2015.
Other Transactions and Events:
On March 9, 2015, the Company received an unsolicited, conditional proposal from Simon Property Group, Inc. (“Simon”) to acquire the Company. The Company’s Board of Directors, after consulting with its financial, real estate and legal advisors, unanimously determined that the Simon proposal substantially undervalued the Company and was not in the best interests of the Company and its stockholders. On March 20, 2015, the Company received a revised, unsolicited proposal to acquire the Company from Simon, which Simon described as its best and final proposal. The Company’s Board of Directors carefully reviewed the revised proposal with the assistance of its financial, real estate and legal advisors, and determined that the revised proposal continued to substantially undervalue the Company and that pursuing the proposed transaction at that time was not in the best interests of the Company and its stockholders.
On June 30, 2015, the Company conveyed Great Northern Mall, an 895,000 square foot regional shopping center in Clay, New York, to the mortgage lender by a deed-in-lieu of foreclosure and was discharged from the mortgage note payable. The mortgage note payable was a non-recourse loan. As a result, the Company recognized a loss of $1.6 million on the extinguishment of debt.
On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to $1.2 billion of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. On November 12, 2015, the Company entered into an accelerated share repurchase program ("ASR") to repurchase $400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of $400.0 million and received an initial share delivery of 4,140,788 shares. On January 20, 2016, the ASR was completed and the Company received an additional delivery of 970,609 shares. The average price of the 5,111,397 shares repurchased under the ASR was $78.26 per share. The ASR was funded from proceeds in connection with the financing and sale of the ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" and "Financing Activity" in Recent Developments).
On October 30, 2015, the Company declared two special dividends/distributions ("Special Dividend"), each of $2.00 per share of common stock and per Operating Partnership Unit ("OP Unit"). The first Special Dividend was paid on December 8, 2015 to stockholders and OP Unit holders of record on November 12, 2015. The second Special Dividend was paid on January 6, 2016 to common stockholders and OP Unit holders of record on November 12, 2015. The Special Dividends were funded from proceeds in connection with the financing and sale of ownership interests in the PPR Portfolio and Arrowhead Towne Center (See "Acquisitions and Dispositions" and "Financing Activity" in Recent Developments).
On November 1, 2015, the mortgage note payable on Flagstaff Mall, a 347,000 square foot regional shopping center in Flagstaff, Arizona, went into maturity default. The mortgage note payable is a non-recourse loan. The Company is negotiating with the loan servicer, which will likely result in a transition of the property to the loan servicer or a receiver. Consequently, Flagstaff Mall has been excluded from certain 2015 performance metrics and related discussions in this "Item 1. Business", including major tenants, average base rents, cost of occupancy, lease expirations and anchors (See "Major Tenants", "Mall Stores and Freestanding Stores", "Cost of Occupancy", "Lease Expirations", and "Anchors" below). In addition, Flagstaff Mall has been excluded from the Company's list of properties and related computations of GLA, occupancy and sales per square foot (See "Item 2. Properties").
On February 17, 2016, the Company entered into an ASR to repurchase $400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of $400.0 million and received an initial share delivery of 4,222,193 shares. The Company expects to complete the ASR on or before April 22, 2016. The ASR was funded from borrowings under the Company's line of credit, which had been recently paid down from the proceeds

from the recently completed financings and sale of ownership interests (See "Acquisitions and Dispositions" and "Financing Activity" in Recent Developments).

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 shopping centers ("Freestanding Stores"). Mall Stores and Freestanding Stores over 10,000 square feet of GLA 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.

The Company generally utilizes 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 two 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).

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, 2015, the Centers primarily included 50 Regional Shopping Centers, excluding Flagstaff Mall, and seven Community/Power Shopping Centers totaling approximately 55 million square feet of GLA. These 57 Centers average approximately 903,000 square feet of GLA and range in size from 3.5 million square feet of GLA at Tysons Corner Center to 185,000 square feet of GLA at Boulevard Shops. As of December 31, 2015, excluding Flagstaff Mall, the Centers primarily included 204 Anchors totaling approximately 27.7 million square feet of GLA and approximately 5,800 Mall Stores and Freestanding Stores totaling approximately 24.3 million square feet of GLA.

Competition:

Numerous owners, developers and managers of malls, shopping centers and other retail-oriented real estate compete with the Company for the acquisition of properties and in attracting tenants or Anchors to occupy space. 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 Anchor or a tenant. In addition, these companies as well as other REITs, private real estate companies or investors compete with the Company in terms of property 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 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, excluding Flagstaff Mall, derived approximately 75% of their total rents for the year ended December 31, 2015 from Mall Stores and Freestanding Stores under 10,000 square feet, and Big Box and Anchor tenants accounted for 25% of total rents for the year ended December 31, 2015. Total rents as set forth in "Item 1. Business" include minimum rents and percentage rents.

The following retailers (including their subsidiaries) represent the 10 largest tenants in the Centers, excluding Flagstaff Mall, based upon total rents in place as of December 31, 2015:

Tenant	Primary DBAs	Number of Locations in the Portfolio	% of Total Rents	
L Brands, Inc.	Victoria's Secret, Bath and Body Works, PINK	98	2.8	%
Forever 21, Inc.	Forever 21, XXI Forever, Love21	35	2.5	%
The Gap, Inc.	Athleta, Banana Republic, Gap, Gap Kids, Old Navy and others	60	2.1	%
Foot Locker, Inc.	Champs Sports, Foot Locker, Kids Foot Locker, Lady Foot Locker, Foot Action, House of Hoops and others	99	2.0	%
Sears Holdings Corporation	Sears	26	1.8	%
Signet Jewelers Limited	Kay Jewelers, Zales, Piercing Pagoda and others	106	1.7	%
American Eagle Outfitters, Inc.	American Eagle Outfitters, aerie	37	1.2	%
Ascena Retail Group, Inc.	Ann Taylor, Loft, Lou & Grey, Lane Bryant, Justice, Dress Barn and others	83	1.2	%
Express, Inc.	Express, Express / Express Men	30	1.1	%
Dick's Sporting Goods, Inc.	Dick's Sporting Goods, Chelsea Collective	14	1.1	%

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 generally enters into leases for Mall Stores and Freestanding Stores that also 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. However, certain leases for Mall Stores and Freestanding Stores contain provisions that only 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, 2015, excluding Flagstaff Mall, comprises approximately 76% 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.

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:			
2015	$52.64	$53.99	$49.02
2014	$49.68	$49.55	$41.20
2013	$44.51	$45.06	$40.00
2012	$40.98	$44.01	$38.00
2011	$38.80	$38.35	$35.84
Unconsolidated Joint Venture Centers (at the Company's pro rata share):			
2015	$60.74	$80.18	$60.85
2014	$63.78	$82.47	$64.59
2013	$62.47	$63.44	$48.43
2012	$55.64	$55.72	$48.74
2011	$53.72	$50.00	$38.98

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:					
2015	$12.72	$19.87	19	$8.96	14
2014	$11.26	$18.28	22	$15.16	14
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
Unconsolidated Joint Venture Centers (at the Company's pro rata share):					
2015	$14.48	$33.00	14	$9.30	8
2014	$18.51	$33.62	11	$27.27	6
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

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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.

(2) Centers under development and redevelopment are excluded from average base rents. As a result, the leases for Broadway Plaza, Fashion Outlets of Niagara Falls USA, Fashion Outlets of Philadelphia, Paradise Valley Mall, SouthPark Mall and Westside Pavilion were excluded for the years ended December 31, 2015 and 2014. 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.

Flagstaff Mall is excluded for the year ended December 31, 2015. In addition, the leases for Rotterdam Square, which was sold on January 15, 2014, were excluded for the year ended December 31, 2013. On June 30, 2015, Great Northern Mall was conveyed to the mortgage lender by a deed-in-lieu of foreclosure. Consequently, Great Northern Mall is excluded for the year ended December 31, 2014. The leases for Valley View Center, which was sold by a court-appointed receiver in 2012, were excluded for the year ended December 31, 2011.

(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 potential 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,				
	2015 (1)	2014 (2)	2013 (3)	2012	2011
Consolidated Centers:					
Minimum rents	9.0 %	8.7 %	8.4 %	8.1 %	8.2 %
Percentage rents	0.4 %	0.4 %	0.4 %	0.4 %	0.5 %
Expense recoveries(4)	4.5 %	4.3 %	4.5 %	4.2 %	4.1 %
	13.9 %	13.4 %	13.3 %	12.7 %	12.8 %
Unconsolidated Joint Venture Centers:					
Minimum rents	8.1 %	8.7 %	8.8 %	8.9 %	9.1 %
Percentage rents	0.4 %	0.4 %	0.4 %	0.4 %	0.4 %
Expense recoveries(4)	4.0 %	4.5 %	4.0 %	3.9 %	3.9 %
	12.5 %	13.6 %	13.2 %	13.2 %	13.4 %

(1) Flagstaff Mall is excluded for the year ended December 31, 2015.

(2) On June 30, 2015, Great Northern Mall was conveyed to the mortgage lender by a deed-in-lieu of foreclosure. Consequently, Great Northern Mall is excluded for the year ended December 31, 2014.

(3) Rotterdam Square was sold on January 15, 2014 and is excluded for the year ended December 31, 2013.

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

Lease Expirations:

The following tables show scheduled lease expirations for Centers owned as of December 31, 2015, excluding Flagstaff Mall, 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:							
2016	393	731,849	11.34	%	$48.78	10.49	%
2017	357	824,590	12.78	%	$52.12	12.62	%
2018	345	772,130	11.97	%	$50.53	11.46	%
2019	303	702,569	10.89	%	$50.72	10.46	%
2020	280	611,689	9.48	%	$52.97	9.52	%
2021	227	536,588	8.32	%	$50.99	8.04	%
2022	174	390,142	6.05	%	$51.28	5.88	%
2023	185	426,900	6.62	%	$53.14	6.66	%
2024	194	539,346	8.36	%	$58.58	9.28	%
2025	186	457,029	7.08	%	$64.77	8.69	%
Unconsolidated Joint Venture Centers (at the Company's pro rata share):							
2016	170	185,299	10.75	%	$61.93	10.90	%
2017	143	218,004	12.64	%	$53.28	11.03	%
2018	147	181,029	10.50	%	$65.98	11.34	%
2019	123	139,910	8.11	%	$68.74	9.13	%
2020	119	167,101	9.69	%	$60.73	9.64	%
2021	116	159,557	9.25	%	$58.10	8.80	%
2022	82	105,232	6.10	%	$57.76	5.77	%
2023	86	159,188	9.23	%	$54.14	8.18	%
2024	80	129,629	7.52	%	$62.11	7.64	%
2025	86	147,929	8.58	%	$64.11	9.01	%

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:							
2016	8	170,312	1.32	%	$19.12	1.83	%
2017	34	1,056,393	8.16	%	$12.39	7.35	%
2018	21	870,474	6.72	%	$12.42	6.06	%
2019	23	954,599	7.37	%	$9.27	4.96	%
2020	25	890,746	6.88	%	$10.15	5.07	%
2021	30	1,271,153	9.82	%	$9.67	6.90	%
2022	19	866,638	6.69	%	$14.82	7.21	%
2023	23	709,662	5.48	%	$13.82	5.50	%
2024	26	924,534	7.14	%	$19.61	10.17	%
2025	27	1,218,896	9.41	%	$19.25	13.16	%
Unconsolidated Joint Venture Centers (at the Company's pro rata share):							
2016	1	30,000	0.75	%	$28.00	1.43	%
2017	15	511,735	12.82	%	$7.62	6.65	%
2018	14	242,725	6.08	%	$9.72	4.02	%
2019	10	120,855	3.03	%	$31.63	6.52	%
2020	19	846,975	21.22	%	$11.01	15.89	%
2021	13	214,310	5.37	%	$15.52	5.67	%
2022	6	74,051	1.86	%	$28.22	3.56	%
2023	8	172,496	4.32	%	$20.75	6.10	%
2024	14	183,173	4.59	%	$34.73	10.84	%
2025	17	746,305	18.70	%	$13.62	17.32	%

(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, 65% of leases have provisions for future consumer price index increases that are not reflected in ending base rent. The leases for Centers currently under development and redevelopment are excluded from this table.

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 8.5% of the Company's total rents for the year ended December 31, 2015, excluding Flagstaff Mall.

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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 Flagstaff Mall, at December 31, 2015.

Name	Number of Anchor Stores	GLA Owned by Anchor	GLA Leased by Anchor	Total GLA Occupied by Anchor
Macy's Inc.				
Macy's	41	5,013,000	2,306,000	7,319,000
Bloomingdale's	2	—	355,000	355,000
	43	5,013,000	2,661,000	7,674,000
JCPenney(1)	28	1,744,000	2,253,000	3,997,000
Sears	26	926,000	2,868,000	3,794,000
Dillard's	14	2,205,000	257,000	2,462,000
Nordstrom	13	739,000	1,477,000	2,216,000
Target(2)	7	640,000	273,000	913,000
Dick's Sporting Goods(3)	13	—	839,000	839,000
Forever 21	7	155,000	574,000	729,000
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
Costco	2	—	321,000	321,000
Burlington Coat Factory(4)	3	187,000	127,000	314,000
Neiman Marcus	2	—	188,000	188,000
Von Maur	2	187,000	—	187,000
Sports Authority	4	—	177,000	177,000
Walmart	1	—	173,000	173,000
Century 21	2		171,000	171,000
La Curacao	1	—	165,000	165,000
Boscov's	1	—	161,000	161,000
Belk	2	—	139,000	139,000
Primark(5)	2		137,000	137,000
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	—	75,000	75,000
Best Buy	1	66,000	—	66,000
Des Moines Area Community College	1	64,000	—	64,000
Barneys New York(6)	1	—	60,000	60,000
Bealls	1	—	40,000	40,000
Vacant Anchors(7)	2	—	200,000	200,000
	200	12,324,000	15,081,000	27,405,000

Anchors at Centers not owned by the Company(8):

Forever 21	2	—	154,000	154,000
Kohl's	1	—	83,000	83,000
Sports Authority	1	—	41,000	41,000
Total	204	12,324,000	15,359,000	27,683,000

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(1) JCPenney plans to open a new store at Inland Center in Fall 2016.
(2) Target closed its store at Promenade at Casa Grande in January 2016.
(3) Dick's Sporting Goods plans to open a new store at The Oaks in Fall 2016.
(4) Burlington Coat Factory plans to open a store at The Market at Estrella Falls in Fall 2016.
(5) Primark plans to open stores at Danbury Fair Mall and Freehold Raceway Mall in Summer 2016.
(6) Barneys New York plans to close its store at Scottsdale Fashion Square in Spring 2016.
(7) The Company is seeking replacement tenants and/or contemplating redevelopment opportunities for these vacant sites. The Company continues to collect rent under the terms of an agreement regarding one of these two vacant Anchor locations.
(8) The Company owns a portfolio of eight stores located at shopping centers not owned by the Company. Of these eight stores, two have been leased to Forever 21, one has been leased to Kohl's, one has been leased to Sports Authority and four 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, 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. The Company 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 the Company or the relevant joint venture also carries standalone terrorism insurance on the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss limit of $1 billion. 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, with the exception of one Center, which has a $5 million ten-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.

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.

Supplemental Tax Disclosures - Updates to REIT Rules

The “Protecting Americans from Tax Hikes Act of 2015” (the “PATH Act”) was enacted on December 18, 2015 and contains several provisions pertaining to REIT qualification and taxation, which are briefly summarized below:

- For taxable years beginning before January 1, 2018, no more than 25% of the value of the Company's assets may consist of stock or securities of one or more TRSs. For taxable years beginning after December 31, 2017, the Act reduces this limit to 20%.
- For purposes of the REIT asset tests, the PATH Act provides that debt instruments issued by publicly offered REITs will constitute “real estate assets.” However, unless such a debt instrument is secured by a mortgage or otherwise would have qualified as a real estate asset under prior law, (i) interest income and gain from such a debt instrument is not qualifying income for purposes of the 75% gross income test and (ii) all such debt instruments may represent no more than 25% of the value of the Company's total assets.
- For taxable years beginning after December 31, 2015, certain obligations secured by a mortgage on both real property and personal property will be treated as a qualifying real estate asset and give rise to qualifying income for purposes of the 75% gross income test if the fair market value of such personal property does not exceed 15% of the total fair market value of all such property.
- A 100% excise tax is imposed on “redetermined TRS service income,” which is income of a TRS attributable to services provided to, or on behalf of its associated REIT and which would otherwise be increased on distribution, apportionment, or allocation under Section 482 of the Code.
- For distributions made in taxable years beginning after December 31, 2014, the preferential dividend rules no longer apply to the Company.
- Additional exceptions to the rules under the Foreign Investment in Real Property Act (“FIRPTA”) were introduced for non-U.S. persons that constitute “qualified shareholders” (within the meaning of Section 897(k)(3) of the Code) or “qualified foreign pension funds” (within the meaning of Section 897(l)(2) of the Code).
- After February 16, 2016, the FIRPTA withholding rate under Section 1445 of the Code for dispositions of U.S. real property interests is increased from 10% to 15%.
- The PATH Act increases from 5% to 10% the maximum stock ownership of the REIT that a non-U.S. shareholder may have held to avail itself of the FIRPTA exception for shares regularly traded on an established securities market.

In addition, the IRS recently issued guidance delaying the imposition of withholding under FATCA to the gross proceeds from a disposition of property that can produce U.S. source interest or dividends. Such withholding will apply only to dispositions occurring after December 31, 2018.

Employees

As of December 31, 2015, the Company had approximately 997 employees, of which approximately 976 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 "Investors—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 "Investors—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

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);
- increasing use by customers of e-commerce and online store sites and the impact of internet sales on the demand for retail space;
- 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. Nine 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.

Numerous owners, developers and managers of malls, shopping centers and other retail-oriented real estate compete with us for the acquisition of properties and in attracting tenants or Anchors to occupy space. 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 Anchor or a tenant. In addition, these companies as well as other REITs, private real estate companies or investors compete with us in terms of property 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 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, certain department stores and other national retailers have experienced, and may continue to experience, decreases in customer traffic in their retail stores, increased competition from alternative retail options such as those accessible via the Internet and other forms of pressure on their business models. 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 or investors. 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;

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- 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.

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.

Real estate investments are relatively illiquid and 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, market 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.

Our success depends, in part, on our ability to attract and retain talented employees, and the loss of any one of our key personnel could adversely impact our business.

The success of our business depends, in part, on the leadership and performance of our executive management team and key employees, and our ability to attract, retain and motivate talented employees could significantly impact our future performance. Competition for these individuals is intense, and we cannot assure you that we will retain our executive management team and key employees or that we will be able to attract and retain other highly qualified individuals for these positions in the future. Losing any one or more of these persons could have a material adverse effect on our results of operations, financial condition and cash flows.

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 carries standalone terrorism insurance on the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss limit of $1 billion. 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, with the exception of one Center, which has a $5 million ten-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.
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.
We face risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.
We face risks associated with security breaches, whether through cyber attacks or cyber intrusions over the Internet, malware, computer viruses, attachments to e-mails, persons inside our organization or persons with access to systems inside our organization, and other significant disruptions of our IT networks and related systems. The risk of a security breach or disruption, particularly through cyber attack or cyber intrusion, including by computer hackers, foreign governments and cyber terrorists, has generally increased as the number, intensity and sophistication of attempted attacks and intrusions from around the world have increased. Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations and, in some cases, may be critical to the operations of certain of our tenants. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. A security breach or other significant disruption involving our IT networks and related systems could disrupt the proper functioning of our networks and systems; result in misstated financial reports, violations of loan covenants and/or missed reporting deadlines; result in our inability to properly monitor our compliance with the rules and regulations regarding our qualification as a REIT; result in the unauthorized access to, and destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive or otherwise valuable information of ours or others, which others could use to compete against us or for disruptive, destructive or otherwise harmful purposes and outcomes; require significant management attention and resources to remedy any damages that result; subject us to claims for breach of contract, damages, credits, penalties or termination of leases or other agreements; or damage our reputation among our tenants and

investors generally. Moreover, cyber attacks perpetrated against our Anchors and tenants, including unauthorized access to customers’ credit card data and other confidential information, could diminish consumer confidence and consumer spending and negatively impact our business.

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, 2015 was $7.0 billion (consisting of $5.3 billion of consolidated debt, less $0.2 billion attributable to noncontrolling interests, plus $1.9 billion of our pro rata share of unconsolidated joint venture mortgage notes and $60.0 million of our pro rata share of the PPRT Term Loan). Approximately $229.0 million of such indebtedness (at our pro rata share) matures in 2016. 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.

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. Two 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 joint venture 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.

An ownership limit and certain of our Charter and bylaw provisions 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 certain options to acquire stock) may be owned, directly or indirectly or through the application of certain attribution rules, by five or fewer individuals (as defined in the Internal Revenue Code to include some entities that would not ordinarily be considered “individuals”) at any time during the last half of a taxable year. To assist us in maintaining our qualification as a REIT, among other purposes, 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). In addition to enhancing preservation of our status as a REIT, the Ownership Limit may:

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- 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 interests 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 and upon any conditions as it may direct) 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 holders of some, or a majority, of our shares might believe to be in their best interests 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 our directors to consider a variety of factors with respect to a proposed business combination or other change of control transaction;
- the authority of our directors to classify or reclassify unissued shares and cause the Company to issue shares of one or more classes or series of common stock or preferred stock;
- the authority of our directors to create and cause the Company to issue rights entitling the holders thereof to purchase shares of stock or other securities 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.

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 certain provisions of 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 adopt certain Charter and bylaw provisions, such as a classified board, that may have the effect

of delaying or preventing a third party from making an acquisition proposal for us.

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 limited partnership units in 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 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.

We may face risks in connection with Section 1031 Exchanges.

If a transaction intended to qualify as a Section 1031 Exchange is later determined to be taxable, we may face adverse consequences, and if the laws applicable to such transactions are amended or repealed, we may not be able to dispose of properties on a tax deferred basis.

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.

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, 2015, excluding Flagstaff Mall.

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-Owne Anchors (3)
	CONSOLIDATED CENTERS:								
1	100%	Arrowhead Towne Center(5) Glendale, Arizona	1993/2002	2015	1,197,000	389,000	95.4%	Dillard's, JCPenney, Macy's	Dick's Sporting Goods, Forever 21, Sears
2	100%	Capitola Mall(6) Capitola, California	1977/1995	1988	586,000	196,000	93.2%	Macy's, Sears, Target	Kohl's
3	100%	Cascade Mall(7) Burlington, Washington	1989/1999	1998	589,000	265,000	79.4%	Target	JCPenney, Macy's, Macy's Men's, Children & Home
4	50.1%	Chandler Fashion Center Chandler, Arizona	2001/2002	-	1,319,000	634,000	96.9%	Dillard's, Macy's, Nordstrom	Sears
5	100%	Danbury Fair Mall(8) Danbury, Connecticut	1986/2005	2010	1,270,000	525,000	97.4%	JCPenney, Macy's	Dick's Sporting Goods, Forever 21, Lord & Taylor, Primark Sears
6	100%	Deptford Mall(9) Deptford, New Jersey	1975/2006	1990	1,040,000	343,000	95.3%	JCPenney, Macy's	Boscov's, Sears
7	100%	Desert Sky Mall Phoenix, Arizona	1981/2002	2007	893,000	282,000	97.0%	Burlington Coat Factory, Dillard's, Sears	La Curacao, Mercado de los Cielos
8	100%	Eastland Mall(6) Evansville, Indiana	1978/1998	1996	1,044,000	555,000	96.8%	Dillard's, Macy's	JCPenney
9	100%	Fashion Outlets of Chicago Rosemont, Illinois	2013/—	-	537,000	537,000	97.9%	—	—
10	100%	FlatIron Crossing(9) Broomfield, Colorado	2000/2002	2009	1,430,000	787,000	93.7%	Dillard's, Macy's, Nordstrom	Dick's Sporting Goods
11	50.1%	Freehold Raceway Mall(8) Freehold, New Jersey	1990/2005	2007	1,669,000	771,000	98.7%	JCPenney, Lord & Taylor, Macy's,	Dick's Sporting Goods, Primark, Sears

								Nordstrom	
12	100%	Fresno Fashion Fair Fresno, California	1970/1996	2006	963,000	402,000	98.1%	Macy's Women's & Home	Forever 21, JCPenney, Macy's Men's & Children's
13	100%	Green Acres Mall(6) Valley Stream, New York	1956/2013	2015	1,799,000	681,000	93.2%	—	BJ's Wholesale Club, Century 21, JCPenney, Kohl's, Macy's, Macy's Men's/Furniture Gallery, Sears, Walmart
14	100%	Inland Center(6)(10) San Bernardino, California	1966/2004	2004	866,000	204,000	99.0%	Macy's, Sears	Forever 21, JC Penney
15	100%	Kings Plaza Shopping Center(6) Brooklyn, New York	1971/2012	2002	1,192,000	463,000	92.3%	Macy's	Lowe's, Sears
16	100%	La Cumbre Plaza(6) Santa Barbara, California	1967/2004	1989	491,000	174,000	93.1%	Macy's	Sears
17	100%	Northgate Mall San Rafael, California	1964/1986	2010	750,000	279,000	95.3%	—	Kohl's, Macy's, Sears
18	100%	NorthPark Mall Davenport, Iowa	1973/1998	2001	1,051,000	401,000	85.9%	Dillard's, JCPenney, Sears, Von Maur	Younkers
19	100%	Oaks, The(11) Thousand Oaks, California	1978/2002	2009	1,145,000	587,000	97.6%	JCPenney, Macy's, Macy's Men's & Home	Nordstrom

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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-C Anchors (3)
20	100%	Pacific View Ventura, California	1965/1996	2001	1,021,000	372,000	95.0%	JCPenney, Sears, Target	Macy's
21	100%	Queens Center(6) Queens, New York	1973/1995	2004	966,000	409,000	98.2%	JCPenney, Macy's	—
22	100%	Santa Monica Place Santa Monica, California	1980/1999	2010	517,000	294,000	90.5%	—	Bloomingda Nordstrom
23	84.9%	SanTan Village Regional Center Gilbert, Arizona	2007/—	2009	1,031,000	624,000	96.5%	Dillard's, Macy's	Dick's Spor Goods
24	100%	Stonewood Center(6) Downey, California	1953/1997	1991	932,000	358,000	98.5%	—	JCPenney, Kohl's, Mac Sears
25	100%	Superstition Springs Center Mesa, Arizona	1990/2002	2002	1,040,000	388,000	94.1%	Dillard's, JCPenney, Macy's, Sears	Sports Auth
26	100%	Towne Mall Elizabethtown, Kentucky	1985/2005	1989	350,000	179,000	89.2%	—	Belk, JCPer Sears
27	100%	Tucson La Encantada Tucson, Arizona	2002/2002	2005	243,000	243,000	94.8%	—	—
28	100%	Twenty Ninth Street(6)(9) Boulder, Colorado	1963/1979	2007	850,000	559,000	99.3%	Macy's	Home Depo
29	100%	Valley Mall Harrisonburg, Virginia	1978/1998	1992	506,000	191,000	88.0%	Target	Belk, Dick's Sporting Go JCPenney
30	100%	Valley River Center(7) Eugene, Oregon	1969/2006	2007	921,000	345,000	97.4%	Macy's	JCPenney, S Authority
31	100%	Victor Valley, Mall of Victorville, California	1986/2004	2012	577,000	254,000	97.9%	Macy's	Dick's Spor Goods, JCPenney, S
32	100%	Vintage Faire Mall Modesto, California	1977/1996	2008	1,141,000	408,000	96.7%	Forever 21, Macy's Women's & Children's	Dick's Spor Goods, JCPenney, Macy's Mer

33	100%	Wilton Mall Saratoga Springs, New York	1990/2005	1998	736,000	451,000	95.2%	JCPenney	Home, Sear Bon-Ton, D Sporting Go Sears
		Total Consolidated Centers			30,662,000	13,550,000	95.3%		
	UNCONSOLIDATED JOINT VENTURE CENTERS:								
34	50%	Biltmore Fashion Park Phoenix, Arizona	1963/2003	2006	516,000	211,000	99.0%	—	Macy's, Sak Fifth Avenu
35	50.1%	Corte Madera, Village at Corte Madera, California	1985/1998	2005	460,000	224,000	97.9%	Macy's, Nordstrom	—
36	50%	Kierland Commons Scottsdale, Arizona	1999/2005	2003	439,000	439,000	98.3%	—	—
37	60%	Lakewood Center Lakewood, California	1953/1975	2008	2,075,000	967,000	96.3%	—	Costco, For 21, Home D JCPenney, Macy's, Spo Authority, T
38	60%	Los Cerritos Center(6) Cerritos, California	1971/1999	2015	1,292,000	532,000	97.2%	Macy's, Nordstrom	Dick's Spor Goods, Fore 21, Sears
39	50%	North Bridge, The Shops at(6) Chicago, Illinois	1998/2008	-	660,000	400,000	99.8%	—	Nordstrom
40	50%	Scottsdale Fashion Square(12) Scottsdale, Arizona	1961/2002	2015	1,811,000	790,000	97.8%	Dillard's	Barneys Ne York, Dick' Sporting Go Macy's, Nei Marcus, Nordstrom

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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 Anchors
41	60%	South Plains Mall Lubbock, Texas	1972/1998	1995	1,127,000	468,000	93.5 %	—	Bealls, D (two), JC Sears
42	50%	Tysons Corner Center Tysons Corner, Virginia	1968/2005	2014	1,967,000	1,082,000	98.9 %	—	Blooming L.L. Bea & Taylor Macy's, Nordstro
43	60%	Washington Square Portland, Oregon	1974/1999	2005	1,441,000	506,000	98.4 %	Macy's	Dick's Sp Goods, JCPenney Nordstro
44	19%	West Acres Fargo, North Dakota	1972/1986	2001	971,000	418,000	99.8 %	Herberger's, Macy's	JCPenney
		Total Unconsolidated Joint Ventures			12,759,000	6,037,000	97.8 %		
	REGIONAL SHOPPING CENTERS UNDER REDEVELOPMENT								
45	50%	Broadway Plaza(6)(13) Walnut Creek, California	1951/1985	ongoing	761,000	211,000	(14)	Macy's	Neiman Nordstro
46	100%	Fashion Outlets of Niagara Falls USA(15) Niagara Falls, New York	1982/2011	2014	686,000	686,000	(14)	—	—
47	50%	Fashion Outlets of Philadelphia(6)(13) Philadelphia, Pennsylvania	1977/2014	ongoing	850,000	624,000	(14)	—	Burlingto Factory, 21
48	100%	Paradise Valley Mall(15) Phoenix, Arizona	1979/2002	2009	1,150,000	370,000	(14)	Dillard's, JCPenney, Macy's	Costco, S
49	100%	SouthPark Mall(15) Moline, Illinois	1974/1998	2015	856,000	341,000	(14)	Dillard's, Von Maur	Dick's Sp Goods, JCPenney Younkers
50	100%	Westside Pavilion(15) Los Angeles, California	1985/1998	2007	755,000	397,000	(14)	Macy's	Nordstro
50		Total Regional Shopping Centers			48,479,000	22,216,000	96.1 %		
	COMMUNITY/POWER SHOPPING CENTERS								

1	50%	Atlas Park, The Shops at(13) Queens, New York	2006/2011	2013	372,000	372,000	71.6 %	—	—
2	50%	Boulevard Shops(13) Chandler, Arizona	2001/2002	2004	185,000	185,000	96.4 %	—	—
3	40.1%	Estrella Falls, The Market at(13)(16) Goodyear, Arizona	2009/—	2009	219,000	219,000	95.0 %	—	—
4	89.4%	Promenade at Casa Grande(15)(17) Casa Grande, Arizona	2007/—	2009	909,000	431,000	90.2 %	Dillard's, JCPenney, Kohl's, Target	Sports A
5	100%	Southridge Center(15) Des Moines, Iowa	1975/1998	2013	823,000	434,000	76.5 %	Des Moines Area Community College	Sears, Ta Younkers
6	100.0%	Superstition Springs Power Center(15) Mesa, Arizona	1990/2002	-	206,000	53,000	100.0%	Best Buy, Burlington Coat Factory	—
7	100%	The Marketplace at Flagstaff(6)(15) Flagstaff, Arizona	2007/—	-	268,000	146,000	100.0%	—	Home De
7		Total Community/Power Shopping Centers			2,982,000	1,840,000			
57		Total before Other Assets			51,461,000	24,056,000			
	OTHER ASSETS:								
	100%	Various(15)(18)			477,000	199,000	100.0%	—	Forever 2 Kohl's, S Authority
	100%	500 North Michigan Avenue(15) Chicago, Illinois			326,000	—	64.2 %	—	—

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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)	C A
	50%	Fashion Outlets of Philadelphia-Offices(6)(13) Philadelphia, Pennsylvania			526,000	—	100.0 %	—	—
	100%	Paradise Village Ground Leases(15) Phoenix, Arizona			58,000	—	65.5 %	—	—
	100%	Paradise Village Office Park II(15) Phoenix, Arizona			46,000	—	—	—	—
	50%	Scottsdale Fashion Square-Office(13) Scottsdale, Arizona			122,000	—	—	—	—
	50%	Tysons Corner Center-Office(13) Tysons Corner, Virginia			175,000	—	—	—	—
	50%	Hyatt Regency Tysons Corner Center(13) Tysons Corner, Virginia			290,000	—	—	—	—
	50%	VITA Tysons Corner Center(13) Tysons Corner, Virginia			510,000	—	—	—	—
	50%	Tysons Tower(13) Tysons Corner, Virginia			527,000	—	—	—	—
		Total Other Assets			3,057,000	199,000			
		Grand Total			54,518,000	24,255,000			

(1) The Company's ownership interest in this table reflects its direct or indirect 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. See "Item 1A.-Risks Related to Our Organizational Structure-Outside partners in Joint Venture Centers result in additional risks to our stockholders."

(2) With respect to 43 Centers, the underlying land controlled by the Company is owned in fee entirely by the Company or, in the case of Joint Venture Centers, by the joint venture property partnership or limited liability company. With respect to the remaining 14 Centers, portions of the underlying land controlled by the Company is owned by third parties and leased to the Company, or the joint venture property partnership or limited liability company, pursuant to long-term ground leases. Under the terms of a typical ground lease, the Company, or the joint venture property partnership or limited liability company, has an option or right of first refusal to purchase the land. The termination dates of the ground leases range from 2016 to 2098.

(3) Total GLA includes GLA attributable to Anchors (whether owned or non-owned) and Mall and Freestanding Stores as of December 31, 2015. “Non-owned Anchors” is space not owned by the Company (or, in the case of Joint Venture Centers, by the joint venture property partnership or limited liability company) which is occupied by Anchor tenants. “Company-owned Anchors” is space owned (or leased) by the Company (or, in the case of Joint Venture Centers, by the joint venture property partnership or limited liability company) and leased (or subleased) to Anchor tenants.

(4) 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 are also based on tenants 10,000 square feet and under for Regional Shopping Centers.

(5) On January 6, 2016, the Company sold a 40% ownership interest in the property (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").

(6) Portions of the land on which the Center is situated are subject to one or more long-term ground leases.

(7) These Centers have a vacant Anchor location. The Company is seeking replacement tenants and/or contemplating redevelopment opportunities for these vacant sites. The Company continues to collect rent under the terms of an agreement regarding one of these two vacant Anchor locations.

(8) Primark plans to open stores at Danbury Fair Mall and Freehold Raceway Mall in Summer 2016.

(9) On January 14, 2016, the Company sold a 49% ownership interest in the property (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").

(10) JCPenney plans to open a new store at Inland Center in Fall 2016.

(11) Dick's Sporting Goods plans to open a new store at The Oaks in Fall 2016.

(12) Barneys New York plans to close its store at Scottsdale Fashion Square in Spring 2016.

(13) Included in Unconsolidated Joint Venture Centers.

(14) Tenant spaces have been intentionally held off the market and remain vacant because of redevelopment plans. As a result, the Company believes the percentage of mall and freestanding GLA leased and the sales per square foot at this redevelopment property are not meaningful data.

(15) Included in Consolidated Centers.

(16) Burlington Coat Factory plans to open a store at The Market at Estrella Falls in Fall 2016.

(17) Target closed its store at Promenade at Casa Grande in January 2016.

(18) The Company owns a portfolio of eight stores located at shopping centers not owned by the Company. Of these eight stores, two have been leased to Forever 21, one has been leased to Kohl's, one has been leased to Sports Authority and four have been leased for non-Anchor usage. With respect to five of the eight stores, the underlying land is owned in fee entirely by the Company. With respect to the remaining three stores, the underlying land is owned by third parties and leased to the Company pursuant to long-term building or ground leases. Under the terms of a typical building or ground lease, the Company pays rent for the use of the building or land and is generally responsible for all costs and expenses associated with the building and improvements. In some cases, the Company has an option or right of first refusal to purchase the land. The termination dates of the ground leases range from 2018 to 2027.

Mortgage Debt

The following table sets forth certain information regarding the mortgages encumbering the Centers, including those Centers in which the Company has less than a 100% interest. The information set forth below is as of December 31, 2015 (dollars in thousands):

Property Pledged as Collateral	Fixed or Floating	Carrying Amount(1)	Effective Interest Rate(2)		Annual Debt Service(3)	Maturity Date(4)	Balance Due on Maturity	Earliest Date Notes Can Be Defeased or Be Prepaid
Consolidated Centers:								
Arrowhead Towne Center(5)	Fixed	$221,194	2.76	%	$13,572	10/5/18	$199,487	Any Time
Chandler Fashion Center(6)	Fixed	200,000	3.77	%	7,500	7/1/19	200,000	Any Time
Danbury Fair Mall(7)	Fixed	222,497	5.53	%	18,456	10/1/20	188,854	Any Time
Deptford Mall(8)	Fixed	193,861	3.76	%	11,364	4/3/23	160,294	Any Time
Deptford Mall(9)	Fixed	14,001	6.46	%	1,212	6/1/16	13,877	Any Time
Fashion Outlets of Chicago(10)	Floating	200,000	1.84	%	3,492	3/31/20	200,000	Any Time
Fashion Outlets of Niagara Falls USA	Fixed	118,615	4.89	%	8,724	10/6/20	103,810	Any Time
Flagstaff Mall(11)	Fixed	37,000	8.97	%	1,836	11/1/15	37,000	Any Time
FlatIron Crossing(8)	Fixed	254,733	3.90	%	16,716	1/5/21	216,740	Any Time
Freehold Raceway Mall(6)	Fixed	225,094	4.20	%	13,584	1/1/18	216,258	Any Time
Green Acres Mall	Fixed	306,954	3.61	%	17,364	2/3/21	269,922	Any Time
Kings Plaza Shopping Center	Fixed	470,627	3.67	%	26,748	12/3/19	427,423	Any Time
Northgate Mall(12)	Floating	64,000	3.30	%	1,716	3/1/17	64,000	Any Time
Oaks, The	Fixed	205,986	4.14	%	12,768	6/5/22	174,311	Any Time
Pacific View	Fixed	130,458	4.08	%	8,016	4/1/22	110,597	4/12/2017
Queens Center	Fixed	600,000	3.49	%	20,928	1/1/25	600,000	Any Time
Santa Monica Place	Fixed	225,089	2.99	%	12,048	1/3/18	214,118	Any Time
SanTan Village Regional Center	Fixed	130,898	3.14	%	7,068	6/1/19	120,238	Any Time
Stonewood Center	Fixed	105,494	1.80	%	7,680	11/1/17	94,471	Any Time
Superstition Springs Center(13)	Floating	67,763	2.17	%	1,788	10/28/16	67,500	Any Time
Towne Mall	Fixed	22,200	4.48	%	1,404	11/1/22	18,886	Any Time
Tucson La Encantada(14)	Fixed	70,070	4.23	%	4,416	3/1/22	59,788	Any Time
Victor Valley, Mall of	Fixed	115,000	4.00	%	4,560	9/1/24	115,000	10/22/16
Vintage Faire Mall(15)	Fixed	276,117	3.55	%	15,060	3/6/26	211,507	3/26/2017
Westside Pavilion	Fixed	146,961	4.49	%	9,396	10/1/22	125,489	Any Time
		$4,624,612						

Property Pledged as Collateral	Fixed or Floating	Carrying Amount(1)	Effective Interest Rate(2)		Annual Debt Service(3)	Maturity Date(4)	Balance Due on Maturity	Earliest Date Notes Can Be Defeased or Be Prepaid
Unconsolidated Joint Venture Centers (at Company's Pro Rata Share):								
Atlas Park, The Shops at(50.0%)(16)	Floating	24,146	2.56	%	602	10/22/2020	24,146	Any Time
Boulevard Shops(50.0%)(17)	Floating	9,772	2.12	%	379	12/16/2018	9,133	Any Time
Corte Madera, The Village at(50.1%)	Fixed	37,198	7.27	%	3,265	11/1/2016	36,696	Any Time
Estrella Falls, The Market at(40.1%)(18)	Floating	10,420	2.34	%	210	2/5/2020	10,087	Any Time
Kierland Commons(50.0%)(19)	Floating	66,205	2.38	%	2,356	1/2/2018	64,281	Any Time
Lakewood Center(60.0%)(20)	Fixed	228,953	4.15	%	13,144	6/1/2026	185,306	8/6/17
Los Cerritos Center(60.0%)(21)	Fixed	315,000	4.00	%	12,600	11/1/2027	278,711	11/1/21
North Bridge, The Shops at(50.0%)(14)	Fixed	94,884	7.52	%	8,601	6/15/2016	94,258	Any Time
Scottsdale Fashion Square(50.0%)	Fixed	247,823	3.02	%	13,281	4/3/2023	201,331	Any Time
South Plains Mall(60.0%)(22)	Fixed	120,000	4.22	%	5,065	11/6/2025	120,000	10/23/18
Tysons Corner Center(50.0%)(23)	Fixed	408,017	4.13	%	24,643	1/1/2024	333,233	Any Time
Washington Square(60.0%)(24)	Fixed	330,000	3.65	%	12,045	11/1/2022	311,348	11/1/18
West Acres(19.0%)	Fixed	10,613	6.41	%	1,069	10/1/2016	10,315	Any Time
		$1,903,031						

(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, 2015 consisted of the following:

Property Pledged as Collateral	
Consolidated Centers	
Arrowhead Towne Center	$8,494
Deptford Mall	(3)
Fashion Outlets of Niagara Falls USA	4,486
Stonewood Center	5,168
Superstition Springs Center	263
	$18,408
Unconsolidated Joint Venture Center (at Company's Pro Rata Share)	
Lakewood Center	$(14,750)

(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 January 6, 2016, the Company replaced the existing loan on the property with a new $400,000 loan that bears interest at an effective rate of 4.05% and matures on February 1, 2028. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the underlying property (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").

(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) On January 14, 2016, a 49% interest in the loan was assumed by a third party in connection with the sale of a 49% ownership interest in the MAC Heitman Portfolio (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").

(9) The Company expects to pay off this loan on March 1, 2016.

(10) On March 3, 2015, the Company amended the loan on the property. The amended $200,000 loan bears interest at LIBOR plus 1.50% and matures on March 31, 2020.

(11) On November 1, 2015, this nonrecourse loan went into maturity default. The Company is working with the loan servicer, which is expected to result in a transition of the property to the loan servicer or a receiver.
(12) The loan bears interest at LIBOR plus 2.25% and matures on March 1, 2017.
(13) The loan bears interest at LIBOR plus 2.30% and matures on October 28, 2016.
(14) NML is the lender of this loan.
(15) On February 19, 2015, the Company placed a $280,000 loan on the property that bears interest at an effective rate of 3.55% and matures on March 6, 2026.
(16) On October 28, 2015, the Company's joint venture in The Shops at Atlas Park placed a $57,751 loan on the property that bears interest at LIBOR plus 2.25% and matures on October 22, 2020, including two one-year extension options.
(17) The loan bears interest at LIBOR plus 1.75% and matures on December 16, 2018, including two one-year extension options.
(18) On February 3, 2015, the Company's joint venture in The Market at Estrella Falls replaced the existing loan on the property with a new $26,500 loan that bears interest at LIBOR plus 1.70% and matures on February 5, 2020, including a one-year extension option.
(19) The loan bears interest at LIBOR plus 1.9% and matures on January 2, 2018, including a one-year extension option.
(20) On March 2, 2015, the Company paid off in full the loan on the property. On May 12, 2015, the Company placed a new $410,000 loan on the property that bears interest at an effective rate of 4.15% and matures on June 1, 2026. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").
(21) On October 30, 2015, the Company replaced the existing loan on the property with a new $525,000 loan that bears interest at an effective rate of 4.00% and matures on November 1, 2027. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").
(22) On October 23, 2015, the Company placed a $200,000 loan on the property that bears interest at an effective rate of 4.22% and matures on November 6, 2025, On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").
(23) NML is the lender of 33.3% of the loan.
(24) On October 5, 2015, the Company paid off in full the existing loan on the property. On October 29, 2015, the Company placed a new $550,000 loan on the property that bears interest at an effective rate of 3.65% and matures on November 1, 2022. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Item 1. Business—Recent Developments—Acquisitions and Dispositions").

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.

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 2015, the Company's shares traded at a high of $95.93 and a low of $71.98.

As of February 12, 2016, there were approximately 533 stockholders of record. The following table shows high and low sales prices per share of common stock during each quarter in 2015 and 2014 and dividends per share of common stock declared and paid by the Company during each quarter:

	Market Quotation Per Share		Dividends (1)	
Quarter Ended	High	Low	Declared	Paid
March 31, 2015	$95.93	$81.61	$0.65	$0.65
June 30, 2015	$86.31	$74.51	$0.65	$0.65
September 30, 2015	$81.52	$71.98	$0.65	$0.65
December 31, 2015	$86.29	$74.55	$4.68	$2.68
March 31, 2014	$62.41	$55.21	$0.62	$0.62
June 30, 2014	$68.28	$61.66	$0.62	$0.62
September 30, 2014	$68.81	$62.62	$0.62	$0.62
December 31, 2014	$85.55	$63.25	$0.65	$0.65

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(1) The dividends declared for the quarter ended December 31, 2015 include a special dividend/distribution of $2.00 per share of common stock and per OP Unit that was paid on January 6, 2016 (See "Item 1. Business—Recent Developments—Other Events and Transactions").

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 2015 and 2014 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, 2010 through December 31, 2015, 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 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, 2010.

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.

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.
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	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15
The Macerich Company	$100.00	$111.26	$133.23	$139.89	$205.92	$216.24
S&P 500 Index	100.00	102.11	118.45	156.82	178.29	180.75
S&P Midcap 400 Index	100.00	98.27	115.84	154.64	169.75	166.05
FTSE NAREIT All Equity REITs Index	100.00	108.28	129.62	133.32	170.68	175.51

Recent Sales of Unregistered Securities
None.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased		Average Price Paid per Share (1)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs		Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs(2)	
October 1, 2015 to October 31, 2015	—		$—	—		$—	
November 1, 2015 to November 30, 2015	4,140,788	(3)	78.26	4,140,788	(3)	800,000,000	(4)
December 1, 2015 to December 31, 2015	—		—	—		—	
	4,140,788		$78.26	4,140,788		$800,000,000	

(1) The average price paid per share is calculated on a trade date basis.

(2) On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to $1.2 billion of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. Repurchases may be made through open market purchases, privately negotiated transactions, structured or derivative transactions, including accelerated stock repurchase transactions, or other methods of acquiring shares from time to time as permitted by securities law and other legal requirements.

(3) On November 12, 2015, the Company entered into an ASR to repurchase $400.0 million of the Company's common stock. In accordance with the ASR (See "Item 1. Business—Recent Developments—Other Events and Transactions"), the Company made a prepayment of $400.0 million and received an initial share delivery of 4,140,788 shares. On January 20, 2016, the ASR was completed and the Company received an additional delivery of 970,609 shares.

(4) On February 17, 2016, the Company entered into another ASR to repurchase $400.0 million of the Company's common stock. In accordance with the ASR (See "Item 1. Business—Recent Developments—Other Events and Transactions"), the Company made a prepayment of $400.0 million and received an initial share delivery of 4,222,193 shares, resulting in an approximate dollar value that may be purchased under the program of $400.0 million.

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 dollars and share amounts are in thousands, except per share data.

	Years Ended December 31,				
	2015	2014	2013	2012	2011
OPERATING DATA:					
Revenues:					
Minimum rents (1)	$759,603	$633,571	$578,113	$447,321	$381,274
Percentage rents	25,693	24,350	23,156	21,388	16,818
Tenant recoveries	415,129	361,119	337,772	247,593	215,872
Other	61,470	52,226	50,242	39,980	30,376
Management Companies	26,254	33,981	40,192	41,235	40,404
Total revenues	1,288,149	1,105,247	1,029,475	797,517	684,744
Expenses:					
Shopping center and operating expenses	379,815	353,505	329,795	251,923	213,832
Management Companies' operating expenses	92,340	88,424	93,461	85,610	86,587
REIT general and administrative expenses	29,870	29,412	27,772	20,412	21,113
Costs related to unsolicited takeover offer (2)	25,204	—	—	—	—
Depreciation and amortization	464,472	378,716	357,165	277,621	227,980
Interest expense	211,943	190,689	197,247	164,392	167,249
(Gain) loss on early extinguishment of debt, net (3)	(1,487)	9,551	(1,432)	—	1,485
Total expenses	1,202,157	1,050,297	1,004,008	799,958	718,246
Equity in income of unconsolidated joint ventures (4)	45,164	60,626	167,580	79,281	294,677
Co-venture expense	(11,804)	(9,490)	(8,864)	(6,523)	(5,806)
Income tax benefit (5)	3,223	4,269	1,692	4,159	6,110
Gain (loss) on sale or write down of assets, net (6)	378,248	73,440	(78,057)	28,734	(25,639)
Gain on remeasurement of assets (7)	22,089	1,423,136	51,205	199,956	3,602
Income from continuing operations	522,912	1,606,931	159,023	303,166	239,442
Discontinued operations: (8)					
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	522,912	1,606,931	448,959	366,389	169,075
Less net income attributable to noncontrolling interests	35,350	107,889	28,869	28,963	12,209
Net income attributable to the Company	$487,562	$1,499,042	$420,090	$337,426	$156,866
Earnings per common share ("EPS") attributable to the Company—basic:					
Income from continuing operations	$3.08	$10.46	$1.07	$2.07	$1.67
Discontinued operations	—	—	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.08	$10.46	$3.01	$2.51	$1.18
EPS attributable to the Company—diluted: (9)(10)					

Income from continuing operations	$3.08	$10.45	$1.06	$2.07	$1.67
Discontinued operations	—	—	1.94	0.44	(0.49)
Net income attributable to common stockholders	$3.08	$10.45	$3.00	$2.51	$1.18

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	As of December 31,				
	2015	2014	2013	2012	2011
BALANCE SHEET DATA:					
Investment in real estate (before accumulated depreciation)	$10,689,656	$12,777,882	$9,181,338	$9,012,706	$7,489,735
Total assets	$11,258,576	$13,121,778	$9,075,250	$9,311,209	$7,938,549
Total mortgage and notes payable	$5,283,742	$6,292,400	$4,582,727	$5,261,370	$4,206,074
Equity(11)	$5,071,239	$6,039,849	$3,718,717	$3,416,251	$3,164,651
OTHER DATA:					
Funds from operations ("FFO")—diluted (12)	$642,268	$542,754	$527,574	$577,862	$399,559
Cash flows provided by (used in):					
Operating activities	$540,377	$400,706	$422,035	$351,296	$237,285
Investing activities	$(101,024)	$(255,791)	$271,867	$(963,374)	$(212,086)
Financing activities	$(437,750)	$(129,723)	$(689,980)	$610,623	$(403,596)
Number of Centers at year end	58	60	64	70	79
Regional Shopping Centers portfolio occupancy (13)	96.1%	95.8%	94.6%	93.8%	92.7%
Regional Shopping Centers portfolio sales per square foot (14)	$635	$587	$562	$517	$489
Weighted average number of shares outstanding—EPS basic	157,916	143,144	139,598	134,067	131,628
Weighted average number of shares outstanding—EPS diluted(10)	158,060	143,291	139,680	134,148	131,628
Distributions declared per common share (15)	$6.63	$2.51	$2.36	$2.23	$2.05

(1) Minimum rents were increased by amortization of above and below-market leases of $16.5 million, $9.1 million, $6.6 million, $5.2 million and $9.3 million for the years ended December 31, 2015, 2014, 2013, 2012 and 2011, respectively.

(2) Costs related to unsolicited takeover offer from Simon. See "Item 1. Business—Recent Developments—Other Events and Transactions".

(3) The Company repurchased $180.3 million of its convertible senior notes ("Senior Notes") during the year ended December 31, 2011 that resulted in a loss of $1.5 million on the early extinguishment of debt. The (gain) loss on early extinguishment of debt, net for the year ended December 31, 2015 includes the loss on the extinguishment of a term loan of $0.6 million. The (gain) loss on early extinguishment of debt, net for the years ended December 31, 2015, 2014 and 2013 also includes the (gain) loss on the extinguishment of mortgage notes payable of $(2.1) million, $9.6 million and $(1.4) million, respectively.

(4) 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") 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 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 that it did not previously 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.

On April 1, 2011, the Company's joint venture in SDG Macerich Properties, L.P. ("SDG Macerich") conveyed Granite Run Mall 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 the 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 11 assets were distributed to the Company on December 31, 2011. The Company received 100% ownership of Eastland Mall, Lake Square Mall, SouthPark Mall, Southridge Center, NorthPark Mall and Valley Mall. 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 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 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 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 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 for $118.8 million, resulting in a gain on the 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 3, 2012, the Company acquired the remaining 75% ownership interest in FlatIron Crossing that it did not previously own for $310.4 million. The purchase price was funded by a cash payment of $195.9 million and the assumption of the third party's pro rata share of the mortgage note payable on the property of $114.5 million. As a result of this transaction, the Company recognized a remeasurement gain of $84.2 million.

On October 26, 2012, the Company acquired the remaining 33.3% ownership interest in Arrowhead Towne Center that it did not previously 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 LLC sold Redmond Town Center Office 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 LLC sold Kitsap Mall 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 LLC sold Redmond Town Center 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 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 included Camelback Colonnade in its consolidated financial statements until it was sold on December 29, 2014.

On October 8, 2013, the Company's joint venture in Ridgmar Mall sold the property for $60.9 million, which resulted 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 24, 2013, the Company acquired the remaining 33.3% ownership interest in Superstition Springs Center that it did not previously 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 of accounting. As a result of this transaction, 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.
On June 4, 2014, the Company acquired the remaining 49.0% ownership interest in Cascade Mall that it did not previously own for a cash payment of $15.2 million. The Company purchased Cascade Mall from its joint venture in Pacific Premier Retail LLC. Prior to the acquisition, the Company had accounted for its investment in Cascade Mall under the equity method of accounting. Since the date of acquisition, the Company has included Cascade Mall in its consolidated financial statements.
On July 30, 2014, the Company formed a joint venture with Pennsylvania Real Estate Investment Trust to redevelop Fashion Outlets of Philadelphia. The Company invested $106.8 million for a 50% ownership interest in the joint venture, which was funded by borrowings under its line of credit.
On August 28, 2014, the Company sold its 30% ownership interest in Wilshire Boulevard for a total sales price of $17.1 million, resulting in a gain on the sale of assets of $9.0 million. The sales price was funded by a cash payment of $15.4 million and the assumption of the Company's share of the mortgage note payable on the property of $1.7 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On November 14, 2014, the Company acquired the remaining 49% ownership interest that it did not previously own in two separate joint ventures, Pacific Premier Retail LLC and Queens JV LP, which together owned five Centers: Lakewood Center, Los Cerritos Center, Queens Center, Stonewood Center and Washington Square (collectively referred to herein as the "PPR Queens Portfolio"). The total consideration of approximately $1.8 billion was funded by the direct issuance of approximately $1.2 billion of common stock of the Company and the assumption of the third party's pro rata share of the mortgage notes payable on the properties of $672.1 million.

On February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center that it did not previously own for $51.3 million. The purchase price was funded by a cash payment of $26.3 million and the assumption of the third party's share of the mortgage note payable on the property of $25.0 million. Concurrent with the purchase of the joint venture interest, the Company paid off the $50.0 million mortgage note payable on the property. The cash payment was funded by borrowings under the Company's line of credit.

On April 30, 2015, the Company entered into a 50/50 joint venture with Sears to own nine freestanding stores located at Arrowhead Towne Center, Chandler Fashion Center, Danbury Fair Mall, Deptford Mall, Freehold Raceway Mall, Los Cerritos Center, South Plains Mall, Vintage Faire Mall and Washington Square. The Company invested $150.0 million for a 50% interest in the joint venture, which was funded by borrowings under the Company's line of credit.

On October 30, 2015, the Company sold a 40% ownership interest in Pacific Premier Retail LLC (the "PPR Portfolio"), which owns Lakewood Center, Los Cerritos Center, South Plains Mall and Washington Square for a total sales price of $1.3 billion, resulting in a gain on sale of assets of $311.2 million. The sales price was funded by a cash payment of $545.6 million and the assumption of the pro rata share of the mortgage notes payable on the properties of $713.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the ASR and Special Dividend (See "Item 1. Business—Recent Developments—Other Events and Transactions").

(5) The Company's taxable REIT subsidiaries are subject to corporate level income taxes (See Note 20—Income Taxes in the Company's Notes to the Consolidated Financial Statements).

(6) Gain (loss) on sale or write down of assets includes the gain of $311.2 million from the sale of a 40% ownership interest in the PPR Portfolio and $73.7 million from the sale of Panorama Mall during the year ended December 31, 2015 and the gain of $121.9 million from the sale of South Towne Center during the year ended December 31, 2014.

(7) Gain on remeasurement of assets includes $22.1 million from the acquisition of Inland Center during the year ended December 31, 2015, $1.4 billion from the acquisition of the PPR Queens Portfolio during the year ended December 31, 2014, $36.3 million from the acquisition of Camelback Colonnade and $14.9 million from the acquisition of Superstition Springs Center during the year ended December 31, 2013, $84.2 million from the acquisition of FlatIron Crossing and $115.7 million from the acquisition of Arrowhead Towne Center during the year ended December 31, 2012, and $1.9 million from the acquisition of Desert Sky Mall and $1.7 million from the acquisition of Superstition Springs Land during the year ended December 31, 2011.

(8) Discontinued operations include the following:

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. 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 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 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 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 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 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 and Rimrock Mall 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 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 and Centre at Salisbury 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. On April 10, 2014, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2014-08, which amended the definition of discontinued operations and requires additional disclosures for disposal transactions that do not meet the revised discontinued operations criteria. The Company adopted this pronouncement on January 1, 2014. As a result, properties sold after 2013 have been included in gain (loss) on sale or write down of assets, net, in continuing operations.

(9) 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.

(10) 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.

(11) 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.

(12) 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")".

(13) Occupancy is the percentage of Mall and Freestanding GLA leased as of the last day of the reporting period. Centers under development and redevelopment are excluded from occupancy. As a result, occupancy for the years ended December 31, 2015 and 2014 excluded Broadway Plaza, Fashion Outlets of Niagara Falls USA, Fashion Outlets of Philadelphia, Paradise Valley Mall, SouthPark Mall and Westside Pavilion. Occupancy for the year ended December 31, 2013 excluded Paradise Valley Mall. Occupancy for the years ended December 31, 2012 and 2011 excluded The Shops at Atlas Park and Southridge Center.

In addition, occupancy for the year ended December 31, 2015 excluded Flagstaff Mall, which is in maturity default and is expected to be transitioned to the loan servicer or receiver. Occupancy for the year ended December 31, 2014 excluded Great Northern Mall, which was conveyed to the mortgage lender by a deed-in-lieu of foreclosure in 2015. Occupancy for the year ended December 31, 2013 excluded Rotterdam Square, which was sold on January 15, 2014. Furthermore, occupancy for the year ended December 31, 2011 excluded Valley View Center, which was sold by a

court-appointed receiver in 2012.

(14) 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. As a result, sales per square foot for the years ended December 31, 2015 and 2014 excluded Broadway Plaza, Fashion Outlets of Niagara Falls USA, Fashion Outlets of Philadelphia, Paradise Valley Mall, SouthPark Mall and Westside Pavilion. Sales per square foot for the year ended December 31, 2013 excluded Paradise Valley Mall.

In addition, sales per square foot for the year ended December 31, 2015 excluded Flagstaff Mall, which is in maturity default and is expected to be transitioned to the loan servicer or receiver. Sales per square foot for the year ended December 31, 2014 excluded Great Northern Mall, which was conveyed to the mortgage lender by a deed-in-lieu of foreclosure in 2015. Sales per square foot for the year ended December 31, 2013 excluded Rotterdam Square, which was sold on January 15, 2014. Furthermore, sales per square foot for the year ended and sales per square foot for the year ended December 31, 2011 excluded Valley View Center, which was sold by a court-appointed receiver in 2012.

(15) On October 30, 2015, the Company declared two special dividends/distributions ("Special Dividend"), each of $2.00 per share of common stock and per OP Unit. The first Special Dividend was paid on December 8, 2015 to stockholders and OP Unit holders of record on November 12, 2015. The second Special Dividend was paid on January 6, 2016 to common stockholders and OP Unit holders of record on November 12, 2015. The Special Dividends were funded from proceeds in connection with the financing and sale of ownership interests in the PPR Portfolio and Arrowhead Towne Center.

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, 2015, the Operating Partnership owned or had an ownership interest in 51 regional shopping centers and seven community/power shopping centers. These 58 regional and community/power shopping centers (which include any related office space) consist of approximately 55 million square feet of gross leasable area ("GLA") and are referred to herein as the "Centers". The Centers consist of consolidated Centers ("Consolidated Centers") and unconsolidated joint venture Centers ("Unconsolidated Joint Venture Centers") as set forth in "Item 2. Properties," 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, 2015, 2014 and 2013. It compares the results of operations and cash flows for the year ended December 31, 2015 to the results of operations and cash flows for the year ended December 31, 2014. Also included is a comparison of the results of operations and cash flows for the year ended December 31, 2014 to the results of operations and cash flows for the year ended December 31, 2013. 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 January 24, 2013, the Company acquired Green Acres Mall, a 1,799,000 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 funded by borrowings from the Company's line of credit.

On May 29, 2013, the Company's joint venture in Pacific Premier Retail LLC 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 LLC 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 LLC 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. As a result of the restructuring, the Company recognized a gain on remeasurement of assets of $36.3 million. This transaction is referred to herein as the "Camelback Colonnade Restructuring." Since the date of the restructuring, the Company included Camelback Colonnade in its consolidated financial statements until it was sold on December 29, 2014.
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 previously 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. As a result of the acquisition, the Company recognized a gain on remeasurement of assets of $14.9 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, resulting in a loss on the sale of assets of $0.5 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On February 14, 2014, the Company sold Somersville Towne Center, a 348,000 square foot regional shopping center in Antioch, California, for $12.3 million, resulting in a loss on the sale of assets of $0.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On March 17, 2014, the Company sold Lake Square Mall, a 559,000 square foot regional shopping center in Leesburg, Florida, for $13.3 million, resulting in a loss on the sale of assets of $0.9 million. The sales price was funded by a cash payment of $3.7 million and the issuance of two notes receivable totaling $9.6 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.
On June 4, 2014, the Company acquired the remaining 49% ownership interest in Cascade Mall, a 589,000 square foot regional shopping center in Burlington, Washington, that it did not previously own for a cash payment of $15.2 million. The Company purchased Cascade Mall from its joint venture partner in Pacific Premier Retail LLC. The cash payment was funded by borrowings under the Company's line of credit.

On July 7, 2014, the Company sold a former Mervyn's store in El Paso, Texas for $3.6 million, resulting in a loss on the sale of assets of $0.2 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On July 30, 2014, the Company formed a joint venture with Pennsylvania Real Estate Investment Trust to redevelop Fashion Outlets of Philadelphia, a 1,376,000 square foot regional shopping center in Philadelphia, Pennsylvania. The Company invested $106.8 million for a 50% interest in the joint venture, which was funded by borrowings under its line of credit.

On August 28, 2014, the Company sold a former Mervyn's store in Thousand Oaks, California for $3.5 million, resulting in a loss on the sale of assets of $0.1 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On August 28, 2014, the Company sold its 30% ownership interest in Wilshire Boulevard, a 40,000 square foot freestanding store in Santa Monica, California, for a total sales price of $17.1 million, resulting in a gain on the sale of assets of $9.0 million. The sales price was funded by a cash payment of $15.4 million and the assumption of the Company's share of the mortgage note payable on the property of $1.7 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On September 11, 2014, the Company sold a leasehold interest in a former Mervyn's store in Laredo, Texas for $1.2 million, resulting in a gain on the sale of assets of $0.3 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 10, 2014, the Company sold a former Mervyn's store in Marysville, California for $1.9 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 31, 2014, the Company sold South Towne Center, a 1,278,000 square foot regional shopping center in Sandy, Utah, for $205.0 million, resulting in a gain on the sale of assets of $121.9 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.

On October 31, 2014, the Company acquired the remaining 40% ownership interest in Fashion Outlets of Chicago, a 537,000 square foot outlet center in Rosemont, Illinois, that it did not previously own for $70.0 million. The purchase price was funded by a cash payment of $55.9 million and the settlement of $14.1 million in notes receivable. The cash payment was funded by borrowings under the Company's line of credit.

On November 13, 2014, the Company formed a joint venture to develop Fashion Outlets of San Francisco, a 500,000 square foot outlet center, in San Francisco, California. In connection with the formation of the joint venture, the Company issued a note receivable for $65.1 million to its joint venture partner that bears interest at LIBOR plus 2.0% and matures upon the completion of certain milestones in connection with the development of Fashion Outlets of San Francisco. The note receivable was funded by borrowings under the Company's line of credit.

On November 14, 2014, the Company acquired the remaining 49% ownership interest that it did not previously own in two separate joint ventures, Pacific Premier Retail LLC and Queens JV LP, which together owned five Centers: Lakewood Center, a 2,075,000 square foot regional shopping center in Lakewood, California; Los Cerritos Center, a 1,292,000 square foot regional shopping center in Cerritos, California; Queens Center, a 966,000 square foot regional shopping center in Queens, New York; Stonewood Center, a 932,000 square foot regional shopping center in Downey, California; and Washington Square, a 1,441,000 square foot regional shopping center in Portland, Oregon (collectively referred to herein as the "PPR Queens Portfolio"). The total consideration of approximately $1.8 billion was funded by the direct issuance of approximately $1.2 billion of common stock of the Company and the assumption of the third party's pro rata share of the mortgage notes payable on the properties of $672.1 million. As a result of the acquisition, the Company recognized a gain on remeasurement of assets of $1.4 billion.

On November 20, 2014, the Company purchased a 45% ownership interest in 443 North Wabash Avenue, a 65,000 square foot undeveloped site adjacent to the Company's joint venture in The Shops at North Bridge in Chicago, Illinois, for a cash payment of $18.9 million. The cash payment was funded by borrowings under the Company's line of credit.

On December 29, 2014, the Company sold its 67.5% ownership interest in its consolidated joint venture in Camelback Colonnade, a 619,000 square foot community center in Phoenix, Arizona, for $92.9 million, resulting in a gain on the sale of assets of $24.6 million. The sales price was funded by a cash payment of $61.2 million and the assumption of the Company's share of the mortgage note payable on the property of $31.7 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.

On February 17, 2015, the Company acquired the remaining 50% ownership interest in Inland Center, an 866,000 square foot regional shopping center in San Bernardino, California, that it did not previously own for $51.3 million.

The purchase price was funded by a cash payment of $26.3 million and the assumption of the third party's share of the mortgage note payable on the property of $25.0 million. Concurrent with the purchase of the joint venture interest, the Company paid off the $50.0

million loan on the property. The cash payment was funded by borrowings under the Company's line of credit. As a result of the acquisition, the Company recognized a gain on the remeasurement of assets of $22.1 million.
On April 30, 2015, the Company entered into a 50/50 joint venture with Sears to own nine freestanding stores located at Arrowhead Towne Center, Chandler Fashion Center, Danbury Fair Mall, Deptford Mall, Freehold Raceway Mall, Los Cerritos Center, South Plains Mall, Vintage Faire Mall and Washington Square. The Company invested $150.0 million for a 50% ownership interest in the joint venture, which was funded by borrowings under the Company's line of credit.
On October 30, 2015, the Company sold a 40% ownership interest in Pacific Premier Retail LLC (the "PPR Portfolio"), which owns Lakewood Center, a 2,075,000 square foot regional shopping center in Lakewood, California; Los Cerritos Center, a 1,292,000 square foot regional shopping center in Cerritos, California; South Plains Mall, a 1,127,000 square foot regional shopping center in Lubbock, Texas; and Washington Square, a 1,441,000 square foot regional shopping center in Portland, Oregon, for a total sales price of $1.3 billion, resulting in a gain on the sale of assets of $311.2 million. The sales price was funded by a cash payment of $545.6 million and the assumption of a pro rata share of the mortgage notes payable on the properties of $713.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the ASR and Special Dividend (See "Other Events and Transactions").
On November 19, 2015, the Company sold Panorama Mall, a 312,000 square foot community center in Panorama City, California, for $98.0 million, resulting in a gain on the sale of assets of $73.7 million. The Company used the proceeds from the sale to pay down its line of credit and for general corporate purposes.
On January 4, 2016, the Company announced that it had reached an agreement with Taubman Centers, Inc. to form a 50/50 joint venture to acquire Country Club Plaza, a 1,300,000 square foot regional shopping center in Kansas City, Missouri for a total purchase price of $660.0 million. The Company anticipates that it will fund its pro rata share of $330.0 million with borrowings under its line of credit. The Company expects the purchase of Country Club Plaza, which is subject to usual and customary closing conditions, will be completed in the first quarter of 2016.
On January 6, 2016, the Company sold a 40% ownership interest in Arrowhead Towne Center, a 1,197,000 square foot regional shopping center in Glendale, Arizona for $284.0 million. The sales price was funded by a cash payment of $124.0 million and the assumption of a pro rata share of the mortgage note payable on the property of $160.0 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes, which included funding the Special Dividend (See "Other Events and Transactions").
On January 14, 2016, the Company formed a joint venture, whereby the Company sold a 49% ownership interest in Deptford Mall, a 1,040,000 square foot regional shopping center in Deptford, New Jersey; FlatIron Crossing, a 1,430,000 square foot regional shopping center in Broomfield, Colorado; and Twenty Ninth Street, an 850,000 square foot regional shopping center in Boulder, Colorado (the MAC Heitman Portfolio"), for $751.0 million. The sales price was funded by a cash payment of $458.1 million and the assumption of a pro rata share of the mortgage note payable on the properties of $292.9 million. The Company used the cash proceeds from the sale to pay down its line of credit and for general corporate purposes.
Financing Activity:
On August 28, 2014, the Company replaced the existing loan on Mall of Victor Valley with a new $115.0 million loan that bears interest at an effective rate of 4.00% and matures on September 1, 2024.
On November 14, 2014, in connection with the acquisition of the PPR Queens Portfolio (See “Acquisitions and Dispositions”), the Company assumed the loans on the following Centers: Lakewood Center with a fair value of $254.9 million that bore interest at an effective rate of 1.80% and was to mature on June 1, 2015, Los Cerritos Center with a fair value of $207.5 million that bears interest at an effective rate of 1.65% and matures on July 1, 2018, Queens Center with a fair value of $600.0 million that bears interest at an effective rate of 3.49% and matures on January 1, 2025, Stonewood Center with a fair value of $111.9 million that bears interest at an effective rate of 1.80% and matures on November 1, 2017, and Washington Square with a fair value of $240.3 million that bears interest at an effective rate of 1.65% and matures on January 1, 2016.
On December 22, 2014, the Company prepaid a total of $254.2 million of mortgage debt on Fresno Fashion Fair and Vintage Faire Mall with a weighted average interest rate of 6.4%. The Company incurred a charge of $9.0 million in connection with the early extinguishment of debt.

On February 3, 2015, the Company's joint venture in The Market at Estrella Falls replaced the existing loan on the property with a new $26.5 million loan that bears interest at LIBOR plus 1.70% and matures on February 5, 2020, including the exercise of a one-year extension option.
On February 19, 2015, the Company placed a $280.0 million loan on Vintage Faire Mall that bears interest at an effective rate of 3.55% and matures on March 6, 2026.

On March 2, 2015, the Company paid off in full the loan on Lakewood Center, which resulted in gain of $2.2 million on the early extinguishment of debt as a result of writing off the related debt premium. On May 12, 2015, the Company placed a new $410.0 million loan on the property that bears interest at an effective rate of 4.15% and matures on June 1, 2026. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On March 3, 2015, the Company amended the loan on Fashion Outlets of Chicago. The amended $200.0 million loan bears interest at LIBOR plus 1.50% and matures on March 31, 2020.

On October 5, 2015, the Company paid off in full the existing loan on Washington Square. On October 29, 2015, the Company placed a new $550.0 million loan on the property that bears interest at an effective rate of 3.65% and matures on November 1, 2022. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 23, 2015, the Company placed a $200.0 million loan on South Plains Mall that bears interest at an effective rate of 4.22% and matures on November 6, 2025. On October 30, 2015, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 28, 2015, the Company's joint venture in The Shops at Atlas Park placed a $57.8 million loan on the property that bears interest at LIBOR plus 2.25% and matures on October 22, 2020, including two one-year extension options.

On October 30, 2015, the Company replaced the existing loan on Los Cerritos Center with a new $525.0 million loan that bears interest at an effective rate of 4.00% and matures on November 1, 2027, which resulted in a loss of $0.9 million on the early extinguishment of debt. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On October 30, 2015, the Company obtained a $100.0 million term loan ("PPR Term Loan") that bears interest at LIBOR plus 1.20% and matures on October 31, 2022. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions").

On January 6, 2016, the Company replaced the existing loan on Arrowhead Towne Center with a new $400.0 million loan that bears interest at an effective rate of 4.05% and matures on February 1, 2028. Concurrently, a 40% interest in the loan was assumed by a third party in connection with the sale of a 40% ownership interest in the underlying property (See "Acquisitions and Dispositions").

On January 14, 2016, the Company placed a $150.0 million loan on Twenty Ninth Street that bears interest at an effective rate of 4.10% and matures on February 6, 2026. Concurrently, a 49% interest in the loan was assumed by a third party in connection with the sale of a 49% ownership interest in the MAC Heitman Portfolio (See "Acquisitions and Dispositions").

The sale of ownership interests in the PPR Portfolio, Arrowhead Towne Center and MAC Heitman Portfolio are collectively referred to herein as the Joint Venture Transactions.

Redevelopment and Development Activity:

In February 2014, the Company's joint venture in Broadway Plaza started construction on the 235,000 square foot expansion of the 761,000 square foot regional shopping center in Walnut Creek, California. The joint venture completed a portion of the first phase of the project in November 2015 and expects the remaining portion of the first phase to be completed in the second quarter of 2016. The second phase will be completed through Summer 2018. The total cost of the project is estimated to be $270.0 million, with $135.0 million estimated to be the Company's pro rata share. The Company has funded $98.9 million of the total $197.8 million incurred by the joint venture as of December 31, 2015.

The Company is currently expanding Green Acres Mall, a 1,799,000 square foot regional center in Valley Stream, New York to include a 335,000 square foot power center. The project started in July 2015 and is expected to be completed in late 2016. As of December 31, 2015, the Company has incurred $47.7 million in costs and estimates that the total cost of the project to be approximately $110.0 million.

The Company's joint venture is proceeding with the development of Fashion Outlets of Philadelphia, a redevelopment of the 850,000 square foot shopping center in Philadelphia, Pennsylvania. The project is expected to be completed in

2018 and 2019. The total cost of the project is estimated to be between $275.0 million and $335.0 million, with $137.5 million to $167.5 million estimated to be the Company's pro rata share. The Company has funded $30.6 million of the total $61.3 million incurred by the joint venture as of December 31, 2015.

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.

On March 9, 2015, the Company received an unsolicited, conditional proposal from Simon Property Group, Inc. (“Simon”) to acquire the Company. The Company’s Board of Directors, after consulting with its financial, real estate and legal advisors, unanimously determined that the Simon proposal substantially undervalued the Company and was not in the best interests of the Company and its stockholders. On March 20, 2015, the Company received a revised, unsolicited proposal to acquire the Company from Simon, which Simon described as its best and final proposal. The Company’s Board of Directors carefully reviewed the revised proposal with the assistance of its financial, real estate and legal advisors, and determined that the revised proposal continued to substantially undervalue the Company and that pursuing the proposed transaction at that time was not in the best interests of the Company and its stockholders.

On June 30, 2015, the Company conveyed Great Northern Mall, an 895,000 square foot regional shopping center in Clay, New York, to the mortgage lender by a deed-in-lieu of foreclosure and was discharged from the mortgage note payable. The mortgage note payable was a non-recourse loan. As a result, the Company recognized a loss of $1.6 million on the extinguishment of debt.

On September 30, 2015, the Company's Board of Directors authorized the repurchase of up to $1.2 billion of the Company's outstanding common shares over the period ending September 30, 2017, as market conditions warrant. On November 12, 2015, the Company entered into an accelerated share repurchase program ("ASR") to repurchase $400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of $400.0 million and received an initial share delivery of 4,140,788 shares. On January 20, 2016, the ASR was completed and the Company received an additional delivery of 970,609 shares. The average price of the 5,111,397 shares repurchased under the ASR was $78.26 per share. The ASR was funded from proceeds in connection with the financing and sale of the ownership interest in the PPR Portfolio (See "Acquisitions and Dispositions" and "Financing Activity").

On October 30, 2015, the Company declared two special dividends/distributions ("Special Dividend"), each of $2.00 per share of common stock and per OP Unit. The first Special Dividend was paid on December 8, 2015 to stockholders and OP Unit holders of record on November 12, 2015. The second Special Dividend was paid on January 6, 2016 to common stockholders and OP Unit holders of record on November 12, 2015. The Special Dividends were funded from proceeds in connection with the financing and sale of ownership interests in the PPR Portfolio and Arrowhead Towne Center (See "Acquisitions and Dispositions" and "Financing Activity").

On November 1, 2015, the mortgage note payable on Flagstaff Mall, a 347,000 square foot regional shopping center in Flagstaff, Arizona, went into maturity default. The mortgage note payable is a non-recourse loan. The Company is negotiating with the loan servicer, which will likely result in a transition of Flagstaff Mall to the loan servicer or a receiver. Consequently, Flagstaff Mall has been excluded from certain 2015 performance metrics and related discussions, including tenant sales per square foot, occupancy rates and releasing spreads (See "Results of Operations").

On February 17, 2016, the Company entered into an ASR to repurchase $400.0 million of the Company's common stock. In accordance with the ASR, the Company made a prepayment of $400.0 million and received an initial share delivery of 4,222,193 shares. The Company expects to complete the ASR on or before April 22, 2016. The ASR was funded from borrowings under the Company's line of credit, which had been recently paid down from the proceeds from the recently completed Joint Venture Transactions (See "Acquisitions and Dispositions" and "Financing Activity").

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, capitalization of costs and fair value measurements. The Company's significant accounting policies are described in more detail in Note 2—Summary of Significant Accounting Policies in the Company's Notes to the Consolidated Financial Statements. However, the following policies are deemed to be critical.
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, 65% 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

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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 any below-market fixed rate renewal options. Above or below-market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below-market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases. The remaining lease terms of below-market leases may include certain below-market fixed-rate renewal periods. In considering whether or not a lessee will execute a below-market fixed-rate lease renewal option, the Company evaluates economic factors and certain qualitative factors at the time of acquisition such as tenant mix in the Center, the Company's relationship with the tenant and the availability of competing tenant space. The initial allocation of purchase price is based on management's preliminary assessment, which may change when final information becomes available. Subsequent adjustments made to the initial purchase price allocation are made within the allocation period, which does not exceed one year. The purchase price allocation is described as preliminary if it is not yet final. The use of different assumptions in the allocation of the purchase price of the acquired assets and liabilities assumed could affect the timing of recognition of the related revenues and expenses.

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

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

Asset Impairment:

The Company assesses whether an indicator of impairment in the value of its properties exists by considering expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include projected rental revenue, operating costs and capital expenditures as well as estimated holding periods and capitalization rates. If an impairment indicator exists, the determination of recoverability is made based upon the estimated undiscounted future net cash flows, excluding interest expense. The amount of impairment loss, if any, is determined by comparing the fair value, as determined by a discounted cash flows analysis, 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

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”), those Centers or properties that are going through a substantial redevelopment often resulting in the closing of a portion of the Center (“Redevelopment Properties”), those properties that have recently transitioned to or from equity method joint ventures to consolidated assets ("Joint Venture Centers") and properties that have been disposed of after 2013 ("Disposition 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, the Redevelopment Properties, the Joint Venture Centers and the Disposition Properties for the periods of comparison.

For comparison of the year ended December 31, 2014 to the year ended December 31, 2013, the Acquisition Properties include Green Acres Mall and Green Acres Adjacent (See "Acquisitions and Dispositions" in Management's Overview and Summary).

For the comparison of the year ended December 31, 2015 to the year ended December 31, 2014, the Redevelopment Properties are Paradise Valley Mall, the expansion portion of Fashion Outlets of Niagara Falls USA, SouthPark Mall and Westside Pavilion. For the comparison of the year ended December 31, 2014 to the year ended December 31, 2013, the Redevelopment Properties are Fashion Outlets of Chicago, Paradise Valley Mall, SouthPark Mall, Fashion Outlets of Niagara Falls USA and Westside Pavilion. The change in revenues and expenses at the Redevelopment Properties for the comparison of the year ended December 31, 2014 to the year ended December 31, 2013 is primarily due to the opening of Fashion Outlets of Chicago on August 1, 2013.

For the comparison of the year ended December 31, 2015 to the year ended December 31, 2014, the Joint Venture Centers are Inland Center, Lakewood Center, Los Cerritos Center, South Plains Mall, Washington Square, Stonewood Center, Queens Center and Cascade Mall. For the comparison of the year ended December 31, 2014 to the year ended December 31, 2013, the Joint Venture Centers are Lakewood Center, Los Cerritos Center, Washington Square, Stonewood Center, Queens Center and Cascade Mall. The change in revenues and expenses at the Joint Venture Centers for the comparison of the year ended December 31, 2015 to the year ended December 31, 2014 and the

comparison of the year ended December 31, 2014 to the year ended December 31, 2013 is primarily due to the conversion of the PPR Queens Portfolio from unconsolidated joint ventures to consolidated Centers in 2014.

For comparison of the year ended December 31, 2015 to the year ended December 31, 2014, the Disposition Properties are Panorama Mall, Great Northern Mall, Rotterdam Square, Somersville Towne Center, Lake Square Mall, South Towne Center and Camelback Colonnade. For the comparison of the year ended December 31, 2014 to the year ended December 31, 2013, the Disposition Properties are Rotterdam Square, Somersville Towne Center, Lake Square Mall, South Towne Center and Camelback Colonnade. Properties disposed of prior to January 1, 2014 have been included in discontinued operations.

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 $587 for the twelve months ended December 31, 2014 to $635 for the twelve months ended December 31, 2015. Occupancy rate increased from 95.8% at December 31, 2014 to 96.1% at December 31, 2015. Releasing spreads increased 14.2% for the twelve months ended December 31, 2015. These calculations exclude Centers under development or redevelopment and property dispositions (See "Acquisitions and Dispositions" in Management's Overview and Summary). As discussed above, Flagstaff Mall was excluded for the twelve months ended December 31, 2015 (See "Other Transactions and Events" in Management's Overview and Summary).

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 $7.12 per square foot ($57.41 on new and renewal leases executed compared to $50.29 on leases expiring), representing a 14.2% increase for the trailing twelve months ended December 31, 2015. The Company expects that releasing spreads will continue to be positive for 2016 as it renews or relets leases that are scheduled to expire. These leases that are scheduled to expire represent 931,000 square feet of the Centers, accounting for 11.3% of the GLA of mall stores and freestanding stores, for spaces 10,000 square feet and under, as of December 31, 2015.

During the trailing twelve months ended December 31, 2015, the Company signed 328 new leases and 342 renewal leases comprising approximately 1.2 million square feet of GLA, of which 1.1 million square feet related to the consolidated Centers. The annual initial average base rent for new and renewal leases was $57.41 per square foot for the trailing twelve months ended December 31, 2015 with an average tenant allowance of $15.45 per square foot.

Comparison of Years Ended December 31, 2015 and 2014

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") increased by $127.4 million, or 19.4%, from 2014 to 2015. The increase in rental revenue is attributed to an increase of $150.4 million from the Joint Venture Centers, $2.4 million from the Redevelopment Properties and $0.3 million from the Same Centers offset in part by a decrease of $25.7 million from the Disposition Properties.

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 $9.1 million in 2014 to $16.5 million