MACERICH CO
Form 10-K
February 25, 2011

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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, 2010**

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

Indicate by check mark if the registrant is 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 report) 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 $4.8 billion as of the last business day of the registrant's most recent 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 16, 2011: **130,349,416 shares**

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual stockholders meeting to be held in 2011 are incorporated by reference into Part III of this Form 10-K

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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 or incorporates by reference 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 its financial condition or results of operations; and
- the Company's expectations for refinancing its indebtedness, entering into new debt obligations and entering into joint venture arrangements.

Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or the industry to differ materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. You are urged to carefully review the disclosures we make concerning risks and other factors that may affect our business and operating results, including those made in "Item 1A. Risk Factors" of this Annual Report on Form 10-K, as well as our other reports filed with the Securities and Exchange Commission ("SEC"). You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. The Company does not intend, and undertakes no obligation, to update any forward-looking information to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, unless required by law to do so.

ITEM 1. BUSINESS

General

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community 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, 2010, the Operating Partnership owned or had an ownership interest in 71 regional shopping centers and 13 community shopping centers totaling approximately 73 million square feet of gross leasable area ("GLA"). These 84 regional and community shopping centers are referred to herein as the "Centers," and consist of consolidated Centers ("Consolidated Centers") and unconsolidated joint venture Centers ("Unconsolidated Joint Venture Centers") as set forth in "Item 2 Properties," unless the context otherwise requires. 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, Westcor Partners, L.L.C., a single member Arizona limited liability company, Macerich Westcor Management LLC, a single member Delaware limited liability company, Westcor Partners of Colorado, LLC, a Colorado limited liability company, MACW Mall Management, Inc., a New York corporation, and MACW Property Management, LLC, a single member New York limited liability company. All seven of the management companies are collectively referred to herein as the "Management Companies."

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

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

Recent Developments

Acquisitions:

On January 28, 2011, the Company in a 50/50 joint venture, agreed to acquire the Shops at Atlas, a 400,000 square foot community center in Queens, New York, for a total purchase price of $53.8 million. The Company's share of the purchase price consisting of $26.9 million is expected to be funded from cash on hand.

On February 24, 2011, the Company increased its ownership interest in Kierland Commons, a 434,690 square foot community center in Scottsdale, Arizona, from 24.5% to 50%. The purchase price for this transaction was $34.2 million in cash and the assumption of $18.6 million of existing debt.

Financing Activity:

On March 31, 2010, the Company replaced the existing loan on South Plains Mall with a new $105.0 million fixed rate loan that bears interest at an effective rate of 6.53% and matures on April 11, 2015.

On April 19, 2010, the Company repurchased and retired $18.5 million of convertible senior notes ("Senior Notes") for $18.3 million. This repurchase resulted in a loss of $0.5 million on early extinguishment of debt. The repurchases were funded through cash on hand.

On April 20, 2010, the Company completed an offering of 30,000,000 newly issued shares of its common stock and on April 23, 2010 issued an additional 1,000,000 newly issued shares of common stock in connection with the underwriters' exercise of its over-allotment option. The net proceeds of the offering, after giving effect to the issuance and sale of all 31,000,000 shares of common stock at an initial price to the public of $41.00 per share, were approximately $1.2 billion after deducting underwriting discounts, commissions and other transaction costs. The Company used a portion of the net proceeds of the offering to pay down its line of credit in full and reduce certain property indebtedness. The Company plans to use the remaining cash for debt repayments and/or general corporate purposes.

On April 27, 2010, the Company replaced the existing loan on Vintage Faire Mall with a new $135.0 million loan that bears interest at LIBOR plus 3.0% and matures on April 27, 2015.

On July 15, 2010, a court appointed receiver ("Receiver") assumed operational control of Valley View Center and responsibility for managing all aspects of the property. The Company anticipates the

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disposition of the asset, which is under the control of the Receiver, will be executed through foreclosure, deed in lieu of foreclosure, or by some other means, and will be completed within the next twelve months. Although the Company is no longer funding any cash shortfall, it will continue to record the operations of Valley View Center until the title for the Center is transferred and its obligation for the loan is discharged. Once title to the Center is transferred, the Company will remove the net assets and liabilities from the Company's consolidated balance sheets. The $125.0 million mortgage note payable on Valley View Center is non-recourse to the Company.

On August 2, 2010, the Company replaced the existing loan on Wilton Mall with a new $40.0 million loan that bears interest at LIBOR plus 0.675% and matures on August 1, 2013. As additional collateral for the loan, the Company is required to maintain a deposit of $40.0 million with the lender. The interest on the deposit is not restricted.

On September 10, 2010, the Company replaced the existing loan on the Danbury Fair Mall with a new $220.0 million loan that bears interest at an effective rate of 5.53% and matures on October 1, 2020. In addition, the loan provides for $30.0 million of additional borrowings at 5.50% subject to certain conditions.

On October 12, 2010, the Company's joint venture in Camelback Colonnade replaced the existing loan with a new $47.0 million loan that bears interest at an effective rate of 4.82% and matures on October 12, 2015.

On November 2, 2010, the Company's joint venture in Stonewood Mall replaced the existing loan with a new $114.0 million loan that bears interest at an effective rate of 4.67% and matures on November 1, 2017.

On November 3, 2010, Pacific Premier Retail Trust, one of the Company's joint ventures, repaid $40.0 million of the $155.0 million balance then outstanding on its credit facility, modified the interest rate to LIBOR plus 3.50% and modified the maturity to November 3, 2012, with a one-year extension option. The credit facility is cross-collateralized by Cascade Mall, Cross Court Plaza, Kitsap Mall, Kitsap Place, Northpoint Plaza and Redmond Town Center.

On December 15, 2010, the Company's joint venture in Boulevard Shops replaced the existing loan with a new $21.4 million loan that bears interest at LIBOR plus 2.75% and matures on December 16, 2013.

On December 29, 2010, the Company's co-venture in Freehold Raceway Mall replaced the existing loan on the property with a new $232.9 million loan that bears interest at an effective rate of 4.20% and matures on January 1, 2018.

On December 30, 2010, the Company's joint venture in Promenade at Casa Grande replaced the existing loan on the property with a new $79.1 million loan that bears interest at LIBOR plus 4.0% with a LIBOR rate floor of 0.50% and matures on December 30, 2013.

On January 18, 2011, the Company replaced the existing loan on Twenty Ninth Street with a new $107.0 million loan that bears interest at LIBOR plus 2.63% and matures on January 18, 2016.

On February 1, 2011 the Company paid off the $50.0 million mortgage on Chesterfield Towne Center. The loan bore interest at an effective rate of 9.07% with a maturity in January 2024.

Redevelopment and Development Activity:

Northgate Mall, the Company's 715,781 square foot regional mall in Marin County, California, opened the first phase of its redevelopment on November 12, 2009. The remainder of the project was completed in May 2010. The Company incurred approximately $79.0 million of redevelopment costs for the Center.

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Santa Monica Place in Santa Monica, California, which includes anchors Bloomingdale's and Nordstrom, opened in August 2010. The Company incurred approximately $265.0 million of redevelopment costs for the Center.

At Pacific View Mall in Ventura, California, the Company has added BevMo!, Staples and Massage Envy which join Sephora, Trader Joe's and H&M. BevMo!, Massage Envy and Trader Joe's are scheduled to open in the second quarter of 2011 followed by Staples in the third quarter of 2011. The Company began this recycling of retail space on the property's north end in September 2010.

On February 5, 2011, a 79,000 square foot Forever 21 opened as part of the Company's phased anchor recycling at Danbury Fair, a 1,261,150 square foot regional shopping center in Fairfield County, Connecticut. Forever 21 joins Dick's Sporting Goods, which opened in November 2010.

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. Community Shopping Centers, also referred to as "strip centers", "urban villages" or "specialty 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 Shopping Centers typically contain 100,000 square feet to 400,000 square feet of GLA. Outlet Centers generally contain a wide variety of designer and manufacturer stores located in an open-air center and typically range in size from 200,000 to 850,000 square feet of GLA. 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 are also referred to as "Big Box." Anchors, Mall Stores and 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. Anchor tenants 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.

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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. 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 "Recent Developments Acquisitions").

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 to be responsive to the needs of retailers.

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

On a selective basis, the Company provides property management and leasing services for third parties. The Company currently manages four malls 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 "Recent Developments Redevelopment and Development Activity").

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 "Recent Developments Redevelopment and Development Activity").

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The Centers

As of December 31, 2010, the Centers consist of 71 Regional Shopping Centers and 13 Community Shopping Centers totaling approximately 73 million square feet of GLA. The 71 Regional Shopping Centers in the Company's portfolio average approximately 942,000 square feet of GLA and range in size from 2.0 million square feet of GLA at Tysons Corner Center to 314,177 square feet of GLA at Panorama Mall. The Company's 13 Community Shopping Centers have an average of approximately 292,000 square feet of GLA. As of December 31, 2010, the Centers included 294 Anchors totaling approximately 38.4 million square feet of GLA and approximately 8,300 Mall Stores and Freestanding Stores totaling approximately 34.2 million square feet of GLA.

Competition

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

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

Major Tenants

The Centers derived approximately 79% of their total rents for the year ended December 31, 2010 from Mall Stores and Freestanding Stores under 10,000 square feet. Big Box and Anchor tenants accounted for 21% of total rents for the year ended December 31, 2010.

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The following retailers (including their subsidiaries) represent the 10 largest rent payers in the Company's portfolio (including joint ventures and excluding Valley View Center) based upon total rents in place as of December 31, 2010:

Tenant	Primary DBA	Number of Locations in the Portfolio	% of Total Rents(1)
Gap Inc.	Gap, Banana Republic, Old Navy	87	2.6%
Limited Brands, Inc.	Victoria Secret, Bath and Body	135	2.4%
Forever 21, Inc.	Forever 21, XXI Forever	46	2.0%
Foot Locker, Inc.	Footlocker, Champs Sports, Lady Footlocker	131	1.6%
Abercrombie & Fitch Co.	Abercrombie & Fitch, Abercrombie, Hollister	75	1.5%
AT&T Mobility LLC(2)	AT&T Wireless, Cingular Wireless	29	1.4%
Golden Gate Capital	Eddie Bauer, Express, J. Jill	59	1.3%
Luxottica Group S.P.A.	Lenscrafters, Sunglass Hut	149	1.3%
American Eagle Outfitters, Inc.	American Eagle Outfitters	61	1.1%
Macy's, Inc.	Macy's, Bloomingdale's	64	1.0%

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

(2) Includes AT&T Mobility office headquarters located at Redmond Town Center.

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. Historically, most leases for Mall Stores and Freestanding Stores contained provisions that allowed the Centers to recover their costs for maintenance of the common areas, property taxes, insurance, advertising and other expenditures related to the operations of the Center. Since January 2005, the Company has generally entered into leases that require tenants to pay a stated amount for such operating expenses, generally excluding property taxes, regardless of the expenses the Company actually incurs at any Center.

Tenant space of 10,000 square feet and under in the Company's portfolio at December 31, 2010 comprises 70.2% 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. 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. Mall Store and Freestanding Store space under 10,000 square feet 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.

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

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

For the Years Ended December 31,	Average Base Rent per Square Foot(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:			
2010(5)	$ 37.93	$ 34.99	$ 37.02
2009	$ 37.77	$ 38.15	$ 34.10
2008	$ 41.39	$ 42.70	$ 35.14
2007	$ 38.49	$ 43.23	$ 34.21
2006	$ 37.55	$ 38.40	$ 31.92
Unconsolidated Joint Venture Centers (at the Company's pro rata share):			
2010	$ 46.16	$ 48.90	$ 38.39
2009	$ 45.56	$ 43.52	$ 37.56
2008	$ 42.14	$ 49.74	$ 37.61
2007	$ 38.72	$ 47.12	$ 34.87
2006	$ 37.94	$ 41.43	$ 36.19

Big Box and Anchors:

For the Years Ended December 31,	Average Base Rent per Square Foot(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:					
2010(5)	$ 8.64	$ 13.79	31	$ 10.64	10
2009	$ 9.66	$ 10.13	19	$ 20.84	5
2008	$ 9.53	$ 11.44	26	$ 9.21	18
2007	$ 9.08	$ 18.51	17	$ 20.13	3
2006	$ 8.36	$ 13.06	15	$ 8.47	4
Unconsolidated Joint Venture Centers (at the Company's pro rata share):					
2010	$ 11.90	$ 24.94	20	$ 15.63	26
2009	$ 11.60	$ 31.73	16	$ 19.98	16
2008	$ 11.16	$ 14.38	14	$ 10.59	5
2007	$ 10.89	$ 18.21	13	$ 11.03	5
2006	$ 9.69	$ 15.90	14	$ 7.53	2

(1) Average base rent per square foot is based on spaces occupied as of December 31 for each of the Centers.

(2) The leases for Promenade at Casa Grande, SanTan Village Power Center and SanTan Village Regional Center were excluded for 2007 and 2008 because they were under development. The leases for The Market at Estrella Falls were excluded for 2008 and 2009 because it was under

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development. The leases for Santa Monica Place were excluded for 2008, 2009 and 2010 because it was under redevelopment.

(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.

(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.

(5) The leases for Valley View Center were excluded.

Cost of Occupancy

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

	For Years ended December 31,				
	2010(1)	**2009**	**2008**	**2007**	**2006**
Consolidated Centers:					
Minimum rents	8.6%	9.1%	8.9%	8.0%	8.1%
Percentage rents	0.4%	0.4%	0.4%	0.4%	0.4%
Expense recoveries(2)	4.4%	4.7%	4.4%	3.8%	3.7%
	13.4%	14.2%	13.7%	12.2%	12.2%
Unconsolidated Joint Venture Centers:					
Minimum rents	9.1%	9.4%	8.2%	7.3%	7.2%
Percentage rents	0.4%	0.4%	0.4%	0.5%	0.6%
Expense recoveries(2)	4.0%	4.3%	3.9%	3.2%	3.1%
	13.5%	14.1%	12.5%	11.0%	10.9%

(1) The cost of occupancy excludes Valley View Center.

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

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Lease Expirations

The following tables show scheduled lease expirations (for Centers owned as of December 31, 2010, excluding Valley View Center) for the next ten years, assuming that none of the tenants exercise renewal options:

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

Year Ending December 31,	Number of Leases Expiring	Approximate GLA of Leases Expiring(1)	% of Total Leased GLA Represented by Expiring Leases(1)	Ending Base Rent per Square Foot of Expiring Leases(1)	% of Base Rent Represented by Expiring Leases(1)
Consolidated Centers:					
2011	430	871,796	13.43%	$ 36.50	12.18%
2012	362	835,458	12.87%	$ 35.62	11.39%
2013	329	690,499	10.64%	$ 38.85	10.27%
2014	238	507,835	7.83%	$ 37.36	7.26%
2015	270	599,117	9.23%	$ 38.22	8.76%
2016	216	528,177	8.14%	$ 41.54	8.40%
2017	277	711,670	10.97%	$ 41.92	11.42%
2018	247	619,702	9.55%	$ 41.96	9.95%
2019	195	494,895	7.63%	$ 44.67	8.46%
2020	159	363,305	5.60%	$ 51.67	7.18%
Unconsolidated Joint Ventures (at the Company's pro rata share):					
2011	484	528,616	14.11%	$ 38.34	11.04%
2012	378	398,774	10.64%	$ 41.79	9.08%
2013	397	426,330	11.38%	$ 46.53	10.81%
2014	326	378,890	10.11%	$ 52.05	10.74%
2015	351	431,440	11.52%	$ 54.59	12.83%
2016	304	382,053	10.20%	$ 50.89	10.59%
2017	243	340,792	9.10%	$ 47.30	8.78%
2018	210	272,989	7.29%	$ 51.88	7.72%
2019	193	232,231	6.20%	$ 60.00	7.59%
2020	171	208,362	5.56%	$ 59.81	6.79%

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Big Boxes and Anchors:

Year Ending December 31,	Number of Leases Expiring	Approximate GLA of Leases Expiring(1)	% of Total Leased GLA Represented by Expiring Leases(1)	Ending Base Rent per Square Foot of Expiring Leases(1)	% of Base Rent Represented by Expiring Leases(1)
Consolidated Centers:					
2011	11	566,715	6.01%	$ 6.36	4.05%
2012	26	1,323,890	14.05%	$ 7.23	10.75%
2013	10	321,318	3.41%	$ 10.17	3.67%
2014	18	826,351	8.77%	$ 7.35	6.82%
2015	17	957,427	10.16%	$ 5.17	5.56%
2016	16	1,060,538	11.25%	$ 5.25	6.26%
2017	16	382,092	4.05%	$ 15.22	6.53%
2018	19	323,407	3.43%	$ 15.85	5.76%
2019	13	292,302	3.10%	$ 15.12	4.96%
2020	22	503,659	5.34%	$ 13.05	7.38%
Unconsolidated Joint Ventures (at the Company's pro rata share):					
2011	14	270,368	4.20%	$ 7.66	2.77%
2012	29	626,466	9.72%	$ 12.69	10.63%
2013	39	774,182	12.02%	$ 12.97	13.42%
2014	37	907,217	14.08%	$ 10.58	12.82%
2015	41	1,095,014	17.00%	$ 8.42	12.33%
2016	33	581,596	9.03%	$ 13.47	10.47%
2017	10	116,720	1.81%	$ 23.98	3.74%
2018	10	327,485	5.08%	$ 5.27	2.31%
2019	13	170,572	2.65%	$ 24.71	5.63%
2020	24	693,972	10.77%	$ 12.95	12.01%

(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, 59% of leases have provisions for future consumer price index increases that are not reflected in ending base rent. Leases for Santa Monica Place have been excluded from the Consolidated Centers because a portion remains under redevelopment.

Anchors

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

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

Anchors accounted for approximately 7.6% of the Company's total rents for the year ended December 31, 2010.

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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 at December 31, 2010. Anchors at Valley View Center are excluded from the table below.

Name	Number of Anchor Stores	GLA Owned by Anchor	GLA Leased by Anchor	Total GLA Occupied by Anchor
Macy's Inc.				
Macy's	52	5,212,558	3,315,845	8,528,403
Bloomingdale's	2	255,888	102,000	357,888
Total	54	5,468,446	3,417,845	8,886,291
Sears Holdings Corporation				
Sears	46	3,303,956	2,761,716	6,065,672
Great Indoors, The	1	131,051		131,051
K-Mart	1	86,479		86,479
Total	48	3,521,486	2,761,716	6,283,202
J.C. Penney	44	4,145,973	1,648,779	5,794,752
Dillard's	23	636,569	3,260,549	3,897,118
Nordstrom	14	1,351,723	1,016,913	2,368,636
Target(1)	12	664,110	910,025	1,574,135
The Bon-Ton Stores, Inc.				
Younkers	6	397,119	212,058	609,177
Bon-Ton, The	1	71,222		71,222
Herberger's	4	402,573		402,573
Total	11	870,914	212,058	1,082,972
Forever 21(2)	10	621,462	324,517	945,979
Kohl's	6	368,157	151,145	519,302
Boscov's	3	301,350	174,717	476,067
Neiman Marcus(3)	4	220,071	308,987	529,058
Home Depot	3	274,402	120,530	394,932
Wal-Mart	2		371,527	371,527
Costco	2	166,718	154,701	321,419
Lord & Taylor	3	320,007		320,007
Dick's Sporting Goods	3	257,241		257,241
Burlington Coat Factory	3	74,585	186,570	261,155
Von Maur	3	246,249		246,249
Belk	3	51,240	149,685	200,925
La Curacao	1		164,656	164,656
Barneys New York	2	62,046	81,398	143,444
Lowe's	1		135,197	135,197
Garden Ridge	1	109,933		109,933
Saks Fifth Avenue	1	92,000		92,000
Mercado de los Cielos(4)	1		77,500	77,500
L.L. Bean	1	75,778		75,778
Cabela's	1		75,330	75,330
Best Buy	1		65,841	65,841
Richman Gordman 1/2 Price	1	60,000		60,000
Sports Authority	1	52,250		52,250
Bealls	1	40,000		40,000
Vacant Anchors(5)	8		787,921	787,921
Total	272	20,052,710	16,558,107	36,610,817
Anchors at centers not owned by the Company(6):				
Forever 21	6		479,726	479,726
Kohl's	3		270,390	270,390

Burlington Coat Factory	2		168,232	168,232
Vacant Anchors(6)	11		836,415	836,415
Total	294	20,052,710	18,312,870	38,365,580

(1) Target is scheduled to open a 98,000 square foot store at Capitola Mall in 2012.

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(2) The above table includes a 79,000 square foot Forever 21 store which opened at Danbury Fair Mall in February 2011.

(3) The above table includes an 88,000 square foot Neiman Marcus store scheduled to open at Broadway Plaza in Spring 2012.

(4) The Mercado de los Cielos, a 77,500 square foot boutique marketplace, partially opened in December 2010 at Desert Sky Mall. The marketplace will be home to over 200 small shops, eateries and service-providers.

(5) The Company is currently seeking various replacement tenants and/or contemplating redevelopment opportunities for these vacant sites.

(6) The Company owns a portfolio of 22 former Mervyn's stores located at shopping centers not owned by the Company. Of these 22 stores, six have been leased to Forever 21, three have been leased to Kohl's, two have been leased to Burlington Coat Factory and the remaining 11 are vacant. The Company is currently seeking various replacement tenants for these vacant sites.

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 "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, further carries specific earthquake insurance on the Centers located in California, the policies are subject to a

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deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $150 million on these Centers. The Company or the relevant joint venture, as applicable, carries specific earthquake insurance on the Centers located in the Pacific Northwest. 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 $800 million on these Centers. While the Company or the relevant joint venture also carries terrorism insurance on the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss of $800 million. Each Center has environmental insurance covering eligible third-party losses, remediation and non-owned disposal sites, subject to a $100,000 deductible and a $20 million five-year aggregate 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 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.

Employees

As of December 31, 2010, the Company had approximately 2,658 regular and temporary employees, including executive officers (7), personnel in the areas of acquisitions and business development (48), property management/marketing (404), leasing (130), redevelopment/development (89), financial services (286) and legal affairs (63). In addition, in an effort to minimize operating costs, the Company generally maintains its own security and guest services staff (1,613) and in some cases maintenance staff (18). Unions represent twenty of these employees. The Company primarily engages a third party to handle maintenance at the Centers. The Company believes that relations with its employees are good.

Seasonality

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

Available Information; Website Disclosure; Corporate Governance Documents

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

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

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

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

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

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ITEM 1A. RISK FACTORS

The following factors, among others, 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. These factors, among others, may have a material adverse effect on our business, financial condition, operating results and cash flows. This list should not be considered to be a complete statement of all potential risks or uncertainties, and we may update them in our future periodic reports.

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. 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." A number of factors may decrease the income generated by the Centers, including:

- the national economic climate (including the continued impact of the severe economic recession that began in 2007);
- 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, terrorist activities and other factors);
- local real estate conditions (such as an oversupply of, or a reduction in demand for, retail space or retail goods, decreases in rental rates, declining real estate values and the availability and creditworthiness of current and prospective tenants);
- decreased levels of consumer spending, consumer confidence, and seasonal spending (especially during the holiday season when many retailers generate a disproportionate amount of their annual sales);
- negative perceptions by retailers or shoppers of the safety, convenience and attractiveness of a Center; 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.

Continued economic weakness from the severe economic recession that began in 2007 may materially and adversely affect our results of operations and financial condition.

The U.S. economy is still experiencing weakness from the severe recession that began in 2007 and resulted in increased unemployment, the bankruptcy or weakened financial condition of a number of large retailers, decreased consumer spending, a decline in residential and commercial property values and reduced demand and rental rates for retail space. Although the U.S. economy has improved, high levels of unemployment have persisted, and rental rates and valuations for retail space have not fully recovered to pre-recession levels and may not for a number of years. We may continue to experience downward pressure on the rental rates we are able to charge as leases signed prior to the recession expire, and tenants may declare bankruptcy, announce store closings or fail to meet their lease

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obligations, any of which could adversely affect the value of our properties and our financial condition and results of operations.

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

A significant percentage of our Centers are located in California and Arizona, and eight Centers in the aggregate are located in New York, New Jersey and Connecticut. Many of these states have been more adversely affected by weak economic and real estate conditions than have other states. To the extent that weak economic or real estate conditions, including as a result of the factors described in the preceding risk factors, or other factors continue to affect or affect California, Arizona, New York, New Jersey or Connecticut (or their respective regions) more severely than other areas of the country, our financial performance could be negatively impacted.

We are in a competitive business.

There are numerous owners and developers of real estate that compete with us in our trade areas. There are seven other publicly traded mall companies in the United States and several large private mall companies, any of which under certain circumstances could compete against us for an acquisition of an Anchor or a tenant. In addition, other REITs, private real estate companies, and financial buyers compete with us in terms of acquisitions. This results in competition for both the acquisition of properties or centers and for tenants or Anchors to occupy space. Competition for property acquisitions may result in increased purchase prices and may adversely affect 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, Internet shopping, home shopping networks, outlet centers, discount shopping clubs and mail-order services that could adversely affect our revenues.

We may be unable to renew leases, lease vacant space or re-let space as leases expire, 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, our existing tenants do not renew their leases or we do not re-let a significant portion of our available space and space for which leases will expire, our financial condition and results of operations could be adversely affected.

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

Our financial condition and results of operations could be adversely affected if a downturn in the business of, or the bankruptcy or insolvency, of an Anchor or other significant tenant leads them to close retail stores or terminate their leases after seeking protection under the bankruptcy laws from their creditors, including us as lessor. In recent years a number of companies in the retail industry, including some of our tenants, have declared bankruptcy or have gone out of business. We may be unable to re-let stores vacated as a result of voluntary closures or the bankruptcy of a tenant. Furthermore, if the store sales of retailers operating at our Centers decline sufficiently 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.

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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. Given current economic conditions, there is an increased risk that Anchors or other significant tenants will 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 acquisition and real estate development strategies may not be successful.

Our historical growth in revenues, net income and funds from operations has been in part tied to the acquisition 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 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, redevelop properties or increase our market penetration may have a material adverse effect on our business, financial condition and results of operations. We face competition for acquisitions primarily from other REITs, as well as from private real estate companies and financial buyers. Some of our competitors have greater financial and other resources. Increased competition for shopping center acquisitions may result in increased purchase prices and may impact adversely our ability to acquire additional properties on favorable terms. We cannot guarantee that we will be able to implement our growth strategy successfully or manage our expanded operations effectively and profitably.

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

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

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

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

Investments in real estate are relatively illiquid, which limits our ability to adjust our portfolio in response to changes in economic or other conditions. Moreover, there are some limitations under federal income tax laws applicable to REITs that limit our ability to sell assets. In addition, because our properties are generally mortgaged to secure our debts, we may not be able to obtain a release of a lien on a mortgaged property without the payment of the associated debt and/or a substantial

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prepayment penalty, which restricts our ability to dispose of a property, even though the sale might otherwise be desirable. Furthermore, the number of prospective buyers interested in purchasing shopping centers is limited. Therefore, if we want to sell one or more of our Centers, we may not be able to dispose of it in the desired time period and may receive less consideration than we originally invested in the Center.

Possible environmental liabilities could adversely affect us.

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

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

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

Some of our Centers are located in areas that are subject to natural disasters, including our Centers in California or in other areas with higher risk of earthquakes, our Centers in flood plains or in areas that may be adversely affected by tornados, as well as our Centers in coastal regions that may be adversely affected by increases in sea levels or in the frequency or severity of hurricanes and tropical storms.

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, carries specific earthquake insurance on the Centers located in California, the policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $150 million on these Centers. We or the relevant joint venture, as applicable, carries specific earthquake insurance on the Centers located in the Pacific Northwest. 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 $800 million on these Centers. While we or the relevant joint venture also carries terrorism insurance on the Centers, the policies are subject to a $50,000 deductible and a combined annual aggregate loss of $800 million. Each Center has environmental insurance covering eligible third-party losses, remediation and non-owned disposal sites, subject to a $100,000 deductible and a $20 million five-year aggregate limit. Some environmental losses are not covered by this insurance because they are uninsurable or not economically insurable. Furthermore, we carry title insurance on all of the Centers for generally less than their full value.

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

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

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

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

We have substantial debt that could affect our future operations.

Our total outstanding loan indebtedness at December 31, 2010 was $6.1 billion (which includes $607.0 million of unsecured debt and $2.2 billion of our pro rata share of joint venture debt). Approximately $465.0 million of such indebtedness matures in 2011 (excluding loans with extensions and refinancing transactions that have recently closed). 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 cash flow 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, a majority 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.

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, 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. The credit markets experienced a severe dislocation during 2008 and 2009, which, for certain periods of time, resulted in the near unavailability of debt financing for even the most creditworthy borrowers. Although the credit markets have recovered from this severe dislocation, there are a number of continuing effects, including a weakening of many traditional sources of debt financing and changes in underwriting standards and terms. 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 such refinancing could also impose more restrictive terms.

RISKS RELATED TO OUR ORGANIZATIONAL STRUCTURE

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

Under the limited partnership agreement of the Operating Partnership, we, as the sole general partner, are responsible for the management of the Operating Partnership's business and affairs. Three of the principals of the Operating Partnership serve as our executive officers, and a member 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 46 Joint Venture Centers as well as fee title to a site that is ground-leased to a property partnership that owns a Joint Venture Center and 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 may have fiduciary responsibilities to our partners that could affect decisions concerning the Joint Venture Centers. Third parties may 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 our status. For example, 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;
- we default under a partnership agreement for a property partnership or other agreements relating to the property partnerships or the Joint Venture Centers; or
- with respect to certain of the Joint Venture Centers, if certain designated key employees no longer are employed in the designated positions.

In addition, some of our outside partners control the day-to-day operations of eight Joint Venture Centers (NorthPark Center, West Acres Center, Eastland Mall, Granite Run Mall, Lake Square Mall, NorthPark Mall, South Park Mall and Valley Mall). We, therefore, do not control cash distributions from these Centers, and the lack of cash distributions from these Centers could jeopardize our ability to maintain our qualification as a REIT. Furthermore, certain Joint Venture Centers have debt that could become recourse debt to us if the Joint Venture Center is unable to discharge such debt obligation.

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

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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 anti-takeover defenses could inhibit a change of control or reduce the value of our common stock.

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

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

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

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

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

Selected Provisions of Maryland Law. 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 super-majority 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 our Charter, dissolve, merge, or sell all or substantially all of our assets.

FEDERAL INCOME TAX RISKS

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

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

If we were to fail to qualify as a REIT, we will 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.

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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 will 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, which 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 a prohibited transaction.

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.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

The following table sets forth certain information regarding the Centers and other locations that are wholly owned or partly owned by the Company. Valley View Center is excluded from the table below.

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	Anchors
CONSOLIDATED CENTERS							
100%	Capitola Mall(4) Capitola, California	1977/1995	1988	586,106	196,389	91.1%	Macy's, Kohl's, Sears, Target(5)
50.1%	Chandler Fashion Center Chandler, Arizona	2001/2002		1,325,594	640,434	98.0%	Dillard's, Macy's, Nordstrom, Sears
100%	Chesterfield Towne Center Richmond, Virginia	1975/1994	2000	1,019,193	475,621	93.4%	Garden Ridge, J.C. Penney, Macy's, Sears
100%	Danbury Fair Danbury, Connecticut	1986/2005	2010	1,261,150	554,910	94.4%	Forever 21(6), J.C. Penney, Lord & Taylor, Macy's, Sears
100%	Deptford Mall Deptford, New Jersey	1975/2006	1990	1,039,971	343,529	99.3%	Boscov's, J.C. Penney, Macy's, Sears
100%	Fiesta Mall Mesa, Arizona	1979/2004	2009	926,329	408,138	90.0%	Dillard's, Macy's, Sears
100%	Flagstaff Mall Flagstaff, Arizona	1979/2002	2007	347,331	143,319	95.0%	Dillard's, J.C. Penney, Sears
50.1%	Freehold Raceway Mall Freehold, New Jersey	1990/2005	2007	1,663,045	871,421	98.2%	J.C. Penney, Lord & Taylor, Macy's, Nordstrom, Sears
100%	Fresno Fashion Fair Fresno, California	1970/1996	2006	962,095	401,214	96.8%	Forever 21, J.C. Penney, Macy's (two)
100%	Great Northern Mall(7) Clay, New York	1988/2005		893,396	563,408	93.7%	Macy's, Sears
100%	Green Tree Mall Clarksville, Indiana	1968/1975	2005	793,409	287,824	80.9%	Burlington Coat Factory, Dillard's J.C. Penney, Sears
100%	La Cumbre Plaza(4) Santa Barbara, California	1967/2004	1989	493,432	176,432	91.5%	Macy's, Sears
100%	Northgate Mall San Rafael, California	1964/1986	2010	715,781	245,450	92.9%	Kohl's, Macy's, Sears
100%	Northridge Mall Salinas, California	1972/2003	1994	891,064	354,084	95.1%	Forever 21, J.C. Penney, Macy's, Sears
100%	Oaks, The Thousand Oaks, California	1978/2002	2009	1,113,549	556,056	95.6%	J.C. Penney, Macy's (two), Nordstorm
100%	Pacific View Ventura, California	1965/1996	2001	1,016,187	367,373	95.4%	J.C. Penney, Macy's, Sears, Target
100%	Panorama Mall Panorama, California	1955/1979	2005	314,177	149,177	98.6%	Wal-Mart
100%	Paradise Valley Mall Phoenix, Arizona	1979/2002	2009	1,152,643	372,514	90.5%	Costco, Dillard's, J.C. Penney, Macy's, Sears
100%	Prescott Gateway Prescott, Arizona	2002/2002	2004	583,959	339,771	88.7%	Dillard's, J.C. Penney, Sears
51.3%	Promenade at Casa Grande Casa Grande, Arizona	2007/	2009	928,407	491,034	91.3%	Dillard's, J.C.Penney, Kohl's, Target
100%	Rimrock Mall Billings, Montana	1978/1996	1999	595,501	287,599	90.5%	Dillard's (two), Herberger's, J.C. Penney
100%	Rotterdam Square Schenectady, New York	1980/2005	1990	579,990	270,215	83.5%	K-Mart, Macy's, Sears
100%	Salisbury, Centre at Salisbury, Maryland	1990/1995	2005	858,090	360,674	95.9%	Boscov's, J.C. Penney, Macy's, Sears
84.9%	SanTan Village Regional Center Gilbert, Arizona	2007/	2009	966,925	646,925	98.4%	Dillard's, Macy's
100%	Somersville Towne Center Antioch, California	1966/1986	2004	349,264	176,079	91.4%	Macy's, Sears
100%	South Plains Mall Lubbock, Texas	1972/1998	1995	1,079,264	419,477	86.5%	Bealls, Dillard's (two), J.C. Penney, Sears
100%		1987/1997	1997	1,274,727	498,215	95.0%	

	South Towne Center Sandy, Utah						Dillard's, Forever 21, J.C. Penney, Macy's, Target
100%	Towne Mall Elizabethtown, Kentucky	1985/2005	1989	346,129	175,257	83.1%	Belk, J.C. Penney, Sears
100%	Twenty Ninth Street(4) Boulder, Colorado	1963/1979	2007	829,552	537,898	90.9%	Home Depot, Macy's
100%	Valley River Center(7) Eugene, Oregon	1969/2006	2007	912,497	336,433	90.9%	J.C. Penney, Macy's, Sports Authority
100%	Victor Valley, Mall of(7) Victorville, California	1986/2004	2006	544,545	270,696	97.0%	Forever 21, J.C. Penney, Sears

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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	Anchors
100%	Vintage Faire Mall Modesto, California	1977/1996	2008	1,124,414	424,065	99.5%	Forever 21, J.C. Penney, Macy's (two), Sears
100%	Westside Pavilion Los Angeles, California	1985/1998	2007	739,785	381,657	95.9%	Macy's, Nordstrom
100%	Wilton Mall(7) Saratoga Springs, New York	1990/2005	1998	740,824	455,220	96.5%	The Bon-Ton, J.C. Penney, Sears
	Total/Average Consolidated Centers			28,968,325	13,178,508	93.8%	
UNCONSOLIDATED JOINT VENTURES(VARIOUS PARTNERS):							
33.3%	Arrowhead Towne Center Glendale, Arizona	1993/2002	2004	1,196,941	389,164	98.9%	Dick's Sporting Goods, Dillard's, Forever 21, J.C. Penney, Macy's, Sears
50%	Biltmore Fashion Park Phoenix, Arizona	1963/2003	2006	533,078	228,078	90.1%	Macy's, Saks Fifth Avenue
50%	Broadway Plaza(4) Walnut Creek, California	1951/1985	1994	750,733	217,628	95.1%	Macy's (two), Neiman Marcus(8), Nordstrom
51%	Cascade Mall(9) Burlington, Washington	1989/1999	1998	584,754	260,518	89.3%	J.C. Penney, Macy's (two), Sears, Target
50.1%	Corte Madera, Village at Corte Madera, California	1985/1998	2005	440,181	222,181	93.1%	Macy's, Nordstrom
50%	Desert Sky Mall Phoenix, Arizona	1981/2002	2007	893,561	283,066	82.3%	Burlington Coat Factory, Dillard's, La Curacao, Mercado(10), Sears
50%	Eastland Mall(4)(11) Evansville, Indiana	1978/1998	1996	1,040,949	551,805	96.6%	Dillard's, J.C. Penney, Macy's
50%	Empire Mall(4)(11) Sioux Falls, South Dakota	1975/1998	2000	1,362,613	617,091	95.8%	J.C. Penney, Kohl's, Macy's, Richman Gordman 1/2 Price, Sears, Target, Younkers
25%	FlatIron Crossing Broomfield, Colorado	2000/2002	2009	1,481,616	837,875	94.6%	Dick's Sporting Goods, Dillard's, Macy's, Nordstrom
50%	Granite Run Mall(11) Media, Pennsylvania	1974/1998	1993	1,032,545	531,736	87.6%	Boscov's, J.C. Penney, Sears
50%	Inland Center(4)(7) San Bernardino, California	1966/2004	2004	934,224	206,353	95.6%	Forever 21, Macy's, Sears
51%	Kitsap Mall(9) Silverdale, Washington	1985/1999	1997	846,739	386,756	90.8%	J.C. Penney, Kohl's, Macy's, Sears
50%	Lake Square Mall(11) Leesburg, Florida	1980/1998	1995	559,224	263,187	81.7%	Belk, J.C. Penney, Sears, Target
51%	Lakewood Center(9) Lakewood, California	1953/1975	2001	2,042,295	976,948	93.4%	Costco, Forever 21, Home Depot, J.C. Penney, Macy's, Target
50%	Lindale Mall(11) Cedar Rapids, Iowa	1963/1998	1997	691,211	385,648	95.5%	Sears, Von Maur, Younkers
51%	Los Cerritos Center(7)(9) Cerritos, California	1971/1999	2010	1,309,711	515,117	93.7%	Forever 21, Macy's, Nordstrom, Sears
50%	Mesa Mall(11) Grand Junction, Colorado	1980/1998	2003	847,897	406,359	93.8%	Cabela's, Herberger's, J.C. Penney, Sears, Target
50%	North Bridge, The Shops at(4) Chicago, Illinois	1998/2008		679,073	419,073	91.9%	Nordstrom
50%	NorthPark Center(4) Dallas, Texas	1965/2004	2005	1,938,986	886,666	93.5%	Barneys New York, Dillard's, Macy's, Neiman Marcus, Nordstrom
50%	NorthPark Mall(11) Davenport, Iowa	1973/1998	2001	1,073,101	422,645	92.3%	Dillard's, J.C. Penney, Sears, Von Maur, Younkers
51%	Queens Center(4) Queens, New York	1973/1995	2004	963,329	406,605	98.5%	J.C. Penney, Macy's
51%		1997/1999	2004	695,432	585,432	90.5%	Macy's

	Redmond Town Center(4)(9) Redmond, Washington						
50%	Ridgmar Fort Worth, Texas	1976/2005	2000	1,273,440	399,467	85.5%	Dillard's, J.C. Penney, Macy's, Neiman Marcus, Sears
50%	Rushmore Mall(11) Rapid City, South Dakota	1978/1998	1992	731,164	428,063	84.5%	Herberger's, J.C. Penney, Sears
50%	Scottsdale Fashion Square Scottsdale, Arizona	1961/2002	2009	1,817,045	832,719	97.2%	Barneys New York, Dillard's, Macy's, Neiman Marcus, Nordstrom
50%	Southern Hills Mall(11) Sioux City, Iowa	1980/1998	2003	792,810	479,233	88.3%	J.C. Penney, Sears, Younkers
50%	SouthPark Mall(11) Moline, Illinois	1974/1998	1990	1,017,107	439,051	86.9%	Dillard's, J.C. Penney, Sears, Von Maur, Younkers
50%	SouthRidge Mall(11) Des Moines, Iowa	1975/1998	1998	856,063	467,311	78.3%	J.C. Penney, Sears, Target, Younkers

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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	Anchors
51%	Stonewood Mall(4)(9) Downey, California	1953/1997	1991	929,107	355,347	96.5%	J.C. Penney, Kohl's, Macy's, Sears
33.3%	Superstition Springs Center(4) Mesa, Arizona	1990/2002	2002	1,204,803	441,509	95.8%	Best Buy, Burlington Coat Factory, Dillard's, J.C. Penney, Macy's, Sears
50%	Tysons Corner Center(4) McLean, Virginia	1968/2005	2005	2,026,462	1,138,220	98.1%	Bloomingdale's, L.L. Bean, Lord & Taylor, Macy's, Nordstrom
50%	Valley Mall(7)(11) Harrisonburg, Virginia	1978/1998	1992	506,269	191,191	85.4%	Belk, J.C. Penney, Target
51%	Washington Square(9) Portland, Oregon	1974/1999	2005	1,466,670	531,643	88.8%	Dick's Sporting Goods, J.C. Penney, Macy's, Nordstrom, Sears
19%	West Acres Fargo, North Dakota	1972/1986	2001	976,897	424,342	99.8%	Herberger's, J.C. Penney, Macy's, Sears
	Total/Average Unconsolidated Joint Ventures (Various Partners)			35,496,030	16,128,027	92.5%	
	Total/Average before Community Centers			64,464,355	29,306,535	93.1%	
COMMUNITY / SPECIALTY CENTERS:							
100%	Borgata, The(12) Scottsdale, Arizona	1981/2002	2006	93,706	93,706	78.8%	
50%	Boulevard Shops(13) Chandler, Arizona	2001/2002	2004	184,822	184,822	92.9%	
75%	Camelback Colonnade(7)(13) Phoenix, Arizona	1961/2002	1994	618,401	538,401	94.7%	
100%	Carmel Plaza(12) Carmel, California	1974/1998	2006	111,686	111,686	91.8%	
50%	Chandler Festival(13) Chandler, Arizona	2001/2002		503,572	368,375	93.5%	Lowe's
50%	Chandler Gateway(13) Chandler, Arizona	2001/2002		255,289	124,238	56.8%	The Great Indoors
50%	Chandler Village Center(13) Chandler, Arizona	2004/2002	2006	273,439	130,306	94.7%	Target
39.7%	Estrella Falls, The Market at(13) Goodyear, Arizona	2009/	2009	236,380	236,380	96.0%	
100%	Flagstaff Mall, The Marketplace at(4)(12) Flagstaff, Arizona	2007/		267,564	147,034	89.6%	Home Depot
100%	Hilton Village(4)(12) Scottsdale, Arizona	1982/2002		79,814	79,814	87.9%	
24.5%	Kierland Commons(13) Scottsdale, Arizona	1999/2005	2003	434,690	434,690	88.8%	
34.9%	SanTan Village Power Center(13) Gilbert, Arizona	2004/	2007	491,037	284,510	92.8%	Wal-Mart
100%	Tucson La Encantada(12) Tucson, Arizona	2002/2002	2005	242,964	242,964	90.1%	
	Total/Average Community / Specialty Centers			3,793,364	2,976,926	90.5%	
	Total before major development and redevelopment properties and other assets			68,257,719	32,283,461	92.9%	
MAJOR DEVELOPMENT AND REDEVELOPMENT PROPERTIES:							
100%	Santa Monica Place(14) Santa Monica, California	1980/1999	2010 ongoing	524,000	300,000	(15)	Bloomingdale's, Nordstrom

100%	Shoppingtown Mall Dewitt, New York	1954/2005	2000	969,355	556,796		(15) J.C. Penney, Macy's, Sears
	Total Major Development and Redevelopment Properties			1,493,355	856,796		
OTHER ASSETS:							
100%	Burlington Coat Factory(12)(16)	Various/2007		168,232			
100%	Forever 21(12)(16)	Various/2007		479,726			
100%	Former Mervyn's(12)(16)	Various/2007		836,415			
100%	Hilton Village-Office(4)(12) Scottsdale, Arizona			17,142	17,142	67.3%	
100%	Kohl's(12)(16)	Various/2007		270,390			
100%	Paradise Village Investment Company(12) Phoenix, Arizona			61,481	61,481	84.0%	
100%	Paradise Village Office Park II(12) Phoenix, Arizona	Various/2002		46,834	46,834	100.0%	

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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	Anchors
51%	Redmond Town Center-Office(9)(13) Redmond, Washington			582,373	582,373	100.0%	
50%	Scottsdale Fashion Square-Office(13) Scottsdale, Arizona			123,126	123,126	90.2%	
50%	Tysons Corner Center-Office(13) McLean, Virginia			170,673	170,673	10.9%	
30%	Wilshire Boulevard(13) Santa Monica, CA	1978/2007		40,000	40,000	100.0%	
	Total Other Assets			2,796,392	1,041,629		
	Grand Total at December 31, 2010			72,547,466	34,181,886		

(1) The Company's ownership interest in this table reflects its legal ownership interest but may not reflect its economic interest since each joint venture has various agreements regarding cash flow, profits and losses, allocations, capital requirements and other matters.

(2) With respect to 68 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 16 Centers, the underlying land controlled by the Company is owned by third parties and leased to the Company, the property partnership or the limited liability company pursuant to long-term ground leases. Under the terms of a typical ground lease, the Company, the property partnership or the limited liability company pays rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. In some cases, the Company, the property partnership or the limited liability company has an option or right of first refusal to purchase the land. The termination dates of the ground leases range from 2013 to 2132.

(3) Includes GLA attributable to Anchors (whether owned or non-owned) and Mall and Freestanding Stores as of December 31, 2010.

(4) Portions of the land on which the Center is situated are subject to one or more ground leases. See footnote (2).

(5) Target is scheduled to open a 98,000 square foot store at Capitola Mall in 2012.

(6) Forever 21 opened a 79,000 square foot store at Danbury Fair Mall in February 2011.

(7) These properties have a vacant Anchor location. The Company is seeking various replacement tenants and/or contemplating redevelopment opportunities for these vacant sites.

(8) Neiman Marcus is scheduled to open an 88,000 square foot store at Broadway Plaza in Spring 2012.

(9) These properties are part of an unconsolidated joint venture with Pacific Premier Retail Trust.

(10) The Mercado de los Cielos, a 77,500 square foot boutique marketplace, opened partially in December 2010 at Desert Sky Mall. The marketplace will be home to over 200 small shops, eateries and service-providers.

(11) These properties are part of an unconsolidated joint venture with SDG Macerich Properties, L.P.

(12) Included in Consolidated Centers.

(13) Included in Unconsolidated Joint Venture Centers.

(14) Santa Monica Place closed for redevelopment in January 2008 and reopened in August 2010 with a Bloomingdale's and a Nordstrom. Development continues with The Market scheduled to open in Spring 2011.

(15) Tenant spaces have been intentionally held off the market and remain vacant because of major development or redevelopment plans. As a result, the Company believes the percentage of mall and freestanding GLA leased and the sales per square foot at these major development properties is not meaningful data.

(16) The Company owns a portfolio of 22 former Mervyn's stores located at shopping centers not owned by the Company. Of these 22 stores, six have been leased to Forever 21, three have been leased to Kohl's, two have been leased to Burlington Coat Factory and the remaining 11 former Mervyn's locations are vacant. The Company is currently seeking replacement tenants for these vacant sites. With respect to 12 of the 22 stores, the underlying land is owned in fee entirely by the Company. With respect to the remaining 10 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 2015 to 2027.

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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, 2010 (dollars in thousands):

Property Pledged as Collateral	Fixed or Floating	Carrying Amount(1)	Interest Rate(2)	Annual Debt Service(3)	Maturity Date	Balance Due on Maturity	Earliest Date Notes Can Be Defeased or Be Prepaid
Consolidated Centers:							
Capitola Mall(4)	Fixed	$ 33,459	7.13%	$ 4,558	5/15/11	$ 32,724	Any Time
Chandler Fashion Center(5)	Fixed	159,360	5.50%	12,514	11/1/12	152,097	Any Time
Chesterfield Towne Center(6)	Fixed	50,462	9.07%	6,580	1/1/24	1,087	Any Time
Danbury Fair Mall(7)(8)	Fixed	219,314	5.53%	16,212	10/1/20	165,933	9/10/12
Deptford Mall	Fixed	172,500	5.41%	9,338	1/15/13	172,500	Any Time
Deptford Mall	Fixed	15,248	6.46%	1,217	6/1/16	13,877	Any Time
Fiesta Mall	Fixed	84,000	4.98%	4,095	1/1/15	84,000	Any Time
Flagstaff Mall	Fixed	37,000	5.03%	1,838	11/1/15	37,000	Any Time
Freehold Raceway Mall(5)(9)	Fixed	232,900	4.20%	9,665	1/1/18	216,258	1/1/14
Fresno Fashion Fair(7)	Fixed	165,583	6.76%	13,245	8/1/15	154,596	Any Time
Great Northern Mall	Fixed	38,077	5.19%	2,805	12/1/13	35,566	Any Time
Hilton Village	Fixed	8,581	5.27%	448	2/1/12	8,600	Any Time
La Cumbre Plaza(10)	Floating	23,113	2.44%	263	12/9/11	23,113	Any Time
Northgate, The Mall at(11)	Floating	38,115	7.00%	2,287	1/1/13	38,115	Any Time
Oaks, The(12)	Floating	165,000	2.31%	3,317	7/10/11	165,000	Any Time
Oaks, The(13)	Floating	92,264	2.83%	2,204	7/10/11	92,264	Any Time
Pacific View	Fixed	84,096	7.20%	7,780	8/31/11	83,045	Any Time
Paradise Valley Mall(14)	Floating	85,000	6.30%	4,675	8/31/12	82,000	Any Time
Prescott Gateway	Fixed	60,000	5.86%	3,470	12/1/11	60,000	Any Time
Promenade at Casa Grande(15)	Floating	79,104	5.21%	3,560	12/30/13	79,104	12/30/11
Rimrock Mall	Fixed	40,650	7.57%	3,841	10/1/11	40,025	Any Time
Salisbury, Center at	Fixed	115,000	5.83%	6,657	5/1/16	115,000	Any Time
SanTan Village Regional Center(16)	Floating	138,087	2.94%	3,470	6/13/11	138,087	Any Time
Shoppingtown Mall	Fixed	39,675	5.01%	3,830	5/11/11	38,968	Any Time
South Plains Mall(17)	Fixed	104,132	6.53%	7,780	4/11/15	97,824	3/31/12
South Towne Center	Fixed	87,726	6.39%	6,650	11/5/15	81,162	Any Time
Towne Mall	Fixed	13,348	4.99%	1,206	11/1/12	12,316	Any Time
Tucson La Encantada(4)	Fixed	76,437	5.84%	5,373	6/1/12	74,931	Any Time
Twenty Ninth Street(18)	Floating	106,244	5.45%	5,578	3/25/11	105,789	Any Time
Valley River Center	Fixed	120,000	5.59%	6,696	2/1/16	120,000	Any Time
Valley View Center(19)	Fixed	125,000	5.81%	7,148	1/1/11	125,000	Any Time
Victor Valley, Mall of(20)	Fixed	100,000	6.94%	6,943	5/6/11	100,000	Any Time
Vintage Faire Mall(21)	Fixed	135,000	8.37%	11,303	4/27/15	130,252	4/27/12
Westside Pavilion(22)	Fixed	175,000	7.81%	13,562	6/5/11	175,000	Any Time
Wilton Mall(23)	Floating	40,000	1.26%	374	8/1/13	40,000	Any Time
		$ 3,259,475					

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Property Pledged as Collateral	Fixed or Floating	Carrying Amount(1)	Interest Rate(2)	Annual Debt Service(3)	Maturity Date	Balance Due on Maturity	Earliest Date Notes Can Be Defeased or Be Prepaid
Unconsolidated Centers (at Company's Pro Rata Share):							
Arrowhead Towne Center (33.3%)	Fixed	$ 24,793	6.38%	$ 2,239	10/1/11	$ 24,303	Any Time
Biltmore Fashion Park (50%)	Fixed	29,747	8.25%	2,642	10/1/14	28,725	4/1/12
Boulevard Shops (50%)(24)	Floating	10,700	3.33%	323	12/16/13	10,154	Any Time
Broadway Plaza (50%)(4)	Fixed	72,806	6.12%	5,460	8/15/15	67,443	Any Time
Camelback Colonnade (75%)(25)	Fixed	35,250	4.82%	1,606	10/12/15	35,250	10/12/13
Chandler Festival (50%)	Fixed	14,850	6.39%	1,086	11/1/15	14,145	Any Time
Chandler Gateway (50%)	Fixed	9,450	6.37%	691	11/1/15	9,002	Any Time
Chandler Village Center (50%)(26)	Floating	8,643	1.39%	108	1/15/11	8,643	Any Time
Corte Madera, The Village at (50.1%)	Fixed	39,654	7.27%	3,265	11/1/16	36,696	11/1/12
Desert Sky Mall (50%)(27)	Floating	25,750	1.36%	350	3/4/11	25,750	Any Time
Eastland Mall (50%)	Fixed	84,000	5.80%	4,867	6/1/16	84,000	Any Time
Empire Mall (50%)	Fixed	88,150	5.81%	5,107	6/1/16	88,150	Any Time
FlatIron Crossing (25%)	Fixed	44,176	5.26%	3,306	12/1/13	41,047	Any Time
Granite Run (50%)	Fixed	57,484	5.84%	4,311	6/1/16	51,604	Any Time
Inland Center (50%)	Fixed	23,400	6.06%	1,404	2/11/11	23,400	Any Time
Kierland Greenway (24.5%)	Fixed	14,604	6.02%	1,145	1/1/13	13,679	Any Time
Kierland Main Street (24.5%)	Fixed	3,636	4.99%	246	1/2/13	3,506	Any Time
Lakewood Center (51%)	Fixed	127,500	5.43%	6,899	6/1/15	127,500	Any Time
Los Cerritos Center (51%)(28)	Floating	102,000	1.13%	963	7/1/11	102,000	Any Time
Market at Estrella Falls (39.7%)(29)	Floating	13,480	2.41%	251	6/1/11	13,480	Any Time
Mesa Mall (50%)	Fixed	43,625	5.82%	2,528	6/1/16	43,625	Any Time
North Bridge, The Shops at (50%)(4)	Fixed	101,056	7.52%	8,600	6/15/16	94,258	Any Time
Northpark Center (50%)(30)	Fixed	128,986	6.70%	10,405	5/10/12	125,847	Any Time
NorthPark Land (50%)	Fixed	38,509	8.33%	3,860	5/10/12	37,593	Any Time
Pacific Premier Retail Trust (51%)(31)	Floating	58,650	5.06%	2,220	11/3/12	58,650	Any Time
Queens Center (51%)(7)	Fixed	169,082	7.30%	15,615	3/1/13	161,281	Any Time
Redmond Office (51%)(4)	Fixed	30,472	7.52%	3,057	5/15/14	27,561	Any Time
Ridgmar (50%)(32)	Fixed	28,546	7.74%	1,733	4/11/11	28,546	Any Time
Rushmore (50%)	Fixed	47,000	5.82%	2,723	6/1/16	47,000	Any Time
SanTan Village Power Center (34.9%)	Fixed	15,705	5.33%	837	2/1/12	15,705	Any Time
Scottsdale Fashion Square (50%)	Fixed	275,000	5.66%	15,565	7/8/13	275,000	Any Time
Southern Hills (50%)	Fixed	50,750	5.82%	2,940	6/1/16	50,750	Any Time
Stonewood Mall (51%)(33)	Fixed	58,140	4.67%	3,918	11/1/17	48,180	12/1/13
Superstition Springs Center (33.3%)(34)	Floating	22,500	0.68%	142	9/9/11	22,500	Any Time
Tysons Corner Center (50%)	Fixed	158,918	4.78%	11,232	2/17/14	146,711	Any Time
Valley Mall (50%)	Fixed	22,323	5.85%	1,678	6/1/16	20,085	Any Time
Washington Square (51%)	Fixed	124,415	6.04%	9,173	1/1/16	114,483	Any Time
West Acres (19%)	Fixed	12,271	6.41%	1,069	10/1/16	10,315	Any Time
Wilshire Building (30%)	Fixed	1,768	6.35%	154	1/1/33		Any Time
		$ 2,217,789					

(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.

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The debt premiums (discounts) as of December 31, 2010 consisted of the following (dollars in thousands):

Consolidated Centers

Property Pledged as Collateral	
Deptford Mall	$ (30)
Great Northern Mall	(82)
Hilton Village	(19)
Shoppingtown Mall	482
Towne Mall	183
	$ 534

Unconsolidated Joint Venture Centers (at Company's Pro Rata Share)

Property Pledged as Collateral	
Arrowhead Towne Center	$ 80
Kierland Greenway	300
Tysons Corner Center	1,815
Wilshire Building	116
	$ 2,311

(2)
The interest rate disclosed represents the effective interest rate, including the debt premiums (discounts), deferred finance costs and notional amounts covered by interest rate swap agreements.

(3)
The annual debt service represents the annual payment of principal and interest.

(4)
Northwestern Mutual Life ("NML") is the lender of this loan. NML is considered a related party as it is a joint venture partner with the Company in Broadway Plaza.

(5)
On September 30, 2009, 49.9% of the loan was assumed by a third party in connection with entering into a co-venture arrangement with that unrelated party.

(6)
On February 1, 2011, the loan was paid off in full with cash on hand.

(7)
NML is the lender for 50% of the loan.

(8)
On September 10, 2010, the Company replaced the existing loan on the property with a new $220,000 loan that bears interest at 5.53% and matures on October 1, 2020. In addition, the loan provides for $30,000 of additional borrowings at 5.50%, subject to certain conditions.

(9)
On December 29, 2010, the Company replaced the existing loan on the property with a new $232,900 loan that bears interest at 4.20% and matures on January 1, 2018.

(10)

The loan bears interest at LIBOR plus 0.88% that was set to mature on December 9, 2010. On the maturity date, the loan was extended to December 9, 2011 and has a remaining extension option, subject to certain conditions, to extend to June 9, 2012. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 3.0% until December 9, 2011.

(11)

The construction loan allows for total borrowings of up to $60,000, bears interest at LIBOR plus 4.50% with a total interest rate floor of 6.0% and matures on January 1, 2013, with two one-year extension options. The loan also includes options for additional borrowings of up to $20,000 depending on certain conditions.

(12)

The loan bears interest at LIBOR plus 1.75% and matures on July 10, 2011 with two one-year extension options. The Company placed an interest rate cap agreement on the loan that effectively prevents LIBOR from exceeding 6.25% on $150,000 of the loan amount over the loan term.

(13)

The construction loan allows for total borrowings of up to $135,000, bears interest at LIBOR plus a spread of 1.75% to 2.10%, depending on certain conditions and matures on July 10, 2011, with two one-year extension options.

(14)

The loan bears interest at LIBOR plus 4.0% with a total interest rate floor of 5.50% and matures on August 31, 2012 with two one-year extension options. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 5.0% over the loan term.

(15)

On December 30, 2010, the Company replaced the existing loan on the property with a new $79,104 loan that bears interest at LIBOR plus 4.0% with a LIBOR rate floor of 0.50% and matures on December 30, 2013.

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(16)
The construction loan allows for total borrowings of up to $145,000 and bears interest at LIBOR plus a spread of 2.10% to 2.25%, depending on certain conditions. The loan matures on June 13, 2011, with two one-year extension options.

(17)
On March 31, 2010, the Company replaced the existing loan on the property with a new $105,000 fixed rate loan that bears interest at 6.53% and matures on April 11, 2015.

(18)
The loan bears interest at LIBOR plus 3.40% with a total interest rate floor at 5.25% and was to mature on March 25, 2011. On January 18, 2011, the Company replaced the existing loan on the property with a new $107,000 loan that bears interest at LIBOR plus 2.63% with no interest rate floor and matures on January 18, 2016.

(19)
On July 15, 2010, a court appointed receiver ("Receiver") assumed operational control and responsibility for managing all aspects of the property. The Company anticipates the disposition of the asset, which is under the control of the Receiver, will be executed through foreclosure, deed in lieu of foreclosure, or by some other means, and is expected to be completed within the next twelve months. Although the Company is no longer funding any cash shortfall, it will continue to record the operations of the property until the title for the Center is transferred and its obligation for the loan is discharged. Once title to the Center is transferred, the Company will remove the net assets and liabilities from the Company's consolidated balance sheets. The mortgage note payable on Valley View Center is non-recourse to the Company.

(20)
The loan bears interest at LIBOR plus 1.60% and matures on May 6, 2011, with two one-year extension options. The Company placed an interest rate swap on the loan that effectively converts the loan from floating rate debt to fixed rate debt of 6.94% until April 25, 2011.

(21)
On April 27, 2010, the Company replaced the existing loan on the property with a new $135,000 loan that bears interest at LIBOR plus 3.0% and matures on April 27, 2015. The Company placed an interest rate swap on the loan that effectively converts the loan from floating rate debt to fixed rate debt of 8.37% until April 25, 2011.

(22)
The loan bears interest at LIBOR plus 2.00% and matures on June 5, 2011, with two one-year extension options. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 5.50% over the initial loan term. In addition, the Company placed an interest rate swap on the loan that effectively converts $165,000 of the loan amount from floating rate debt to fixed rate debt of 8.08% until April 25, 2011.

(23)
On August 2, 2010, the Company replaced the existing loan on the property with a new $40,000 loan that bears interest at LIBOR plus 0.675% and matures on August 1, 2013. As additional collateral for the loan, the Company is required to maintain a deposit of $40,000 with the lender. The interest on the deposit is not restricted.

(24)
On December 15, 2010, the joint venture replaced the existing loan with a new $21,400 loan that bears interest at LIBOR plus 2.75% and matures on December 16, 2013.

(25)
On October 12, 2010, the joint venture replaced the existing loan with a new $47,000 loan that bears interest at 4.82% and matures on October 12, 2015.

(26)
The loan bears interest at LIBOR plus 1.00% and was set to mature on January 15, 2011. The loan was extended to March 1, 2011.

(27)
The loan bears interest at LIBOR plus 1.10% and was set to mature on March 4, 2010. The loan was extended to March 4, 2011. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 7.65% over the term.

(28)

The loan bears interest at LIBOR plus 0.67% and matures on July 1, 2011. The joint venture expects to refinance this loan in 2011.

(29) The construction loan allows for total borrowings of up to $80,000, bears interest at LIBOR plus a spread of 1.50% to 1.60%, depending on certain conditions, and matures on June 1, 2011, with two one-year extension options.

(30) Contingent interest, as defined in the loan agreement, is due upon the occurrence of certain capital events and is equal to 15% of proceeds less a base amount.

(31) On November 3, 2010, the joint venture repaid $40,000 of the $155,000 balance then outstanding on its credit facility, modified the interest rate to LIBOR plus 3.50% and modified the maturity to November 3, 2012, with a one-year extension option. The credit facility is cross-collateralized by Cascade Mall, Cross Court Plaza, Kitsap Mall, Kitsap Place, Northpoint Plaza and Redmond Town Center.

(32) On April 29, 2010, the loan agreement was modified to extend the maturity to April 11, 2011, with an additional one-year extension option.

(33) On November 2, 2010, the joint venture replaced the existing loan with a new $114,000 loan that bears interest at 4.67% and matures on November 1, 2017.

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(34)

The loan bears interest at LIBOR plus 0.37% and was set to mature on September 9, 2010. The loan was extended to September 9, 2011. The loan is covered by an interest rate cap agreement that effectively prevents LIBOR from exceeding 8.63% over the loan term.

ITEM 3. LEGAL PROCEEDINGS

None of the Company, the Operating Partnership, the Management Companies or their respective affiliates are currently involved in any material legal proceedings, other than routine litigation arising in the ordinary course of business, most of which is expected to be covered by liability insurance.

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 2010, the Company's shares traded at a high of $49.86 and a low of $29.30.

As of February 16, 2011, there were approximately 714 stockholders of record. The following table shows high and low sales prices per share of common stock during each quarter in 2010 and 2009 and dividends/distributions per share of common stock declared and paid by quarter:

	Market Quotation Per Share		Dividends/ Distributions
Quarter Ended	**High**	**Low**	**Declared/Paid**
March 31, 2010	$ 41.34	$ 29.30	$ 0.60(1)
June 30, 2010	47.19	35.82	0.50
September 30, 2010	45.63	35.50	0.50
December 31, 2010	49.86	42.66	0.50
March 31, 2009	20.45	5.45	0.80
June 30, 2009	21.81	5.95	0.60(1)
September 30, 2009	35.60	14.46	0.60(1)
December 31, 2009	38.22	26.67	0.60(1)

(1)

The dividend was paid 10% in cash and 90% in shares of common stock in accordance with stockholder elections (subject to proration).

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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. Beginning during the second quarter of 2009 and ending during the first quarter 2010, the Company paid its quarterly dividends in a combination of cash and shares of common stock, with the cash limited to 10% of the total dividend. Paying all or a portion of the dividend in a combination of cash and common stock would allow the Company to satisfy its REIT taxable income distribution requirement under existing requirements of the Code, while enhancing the Company's financial flexibility and balance sheet strength. The decision to declare and pay dividends on common stock in the future, as well as 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") 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, 2000 through December 31, 2010, 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 Equity REITs Index, an industry index of publicly-traded REITs (including the Company). The Company is providing the S&P Midcap 400 Index since it is a company within such index.

The graph assumes that the value of the investment in each of the Company's common stock and the indices was $100 at the beginning of the period.

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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 Equity REITs Index. The historical information set forth below is not necessarily indicative of future performance. Data for the FTSE NAREIT Equity REITs Index, the S&P 500 Index and the S&P Midcap 400 Index was provided to the Company by Research Data Group, Inc.

	12/31/00	**12/31/01**	**12/31/02**	**12/31/03**	**12/31/04**	**12/31/05**	**12/31/06**	**12/31/07**	**12/31/08**	**12/31/09**	**12/31/10**
The Macerich Company	$ 100.00	$ 143.83	$ 179.29	$ 276.78	$ 410.73	$ 457.84	$ 613.08	$ 520.55	$ 143.27	$ 327.80	$ 456.23
S&P 500 Index	100.00	88.12	68.64	88.33	97.94	102.75	118.99	125.52	79.08	100.01	115.07
S&P Midcap 400 Index	100.00	99.39	84.97	115.24	134.23	151.08	166.67	179.97	114.77	157.67	199.67
FTSE NAREIT Equity REITs Index	100.00	113.93	118.29	162.21	213.43	239.39	323.32	272.59	169.75	217.26	277.98

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ITEM 6. SELECTED FINANCIAL DATA

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

	Years Ended December 31,				
	2010	2009	2008	2007	2006
OPERATING DATA:					
Revenues:					
Minimum rents(1)	$ 423,164	$ 474,261	$ 528,571	$ 466,071	$ 429,343
Percentage rents	18,411	16,631	19,048	25,917	23,817
Tenant recoveries	243,299	244,101	262,238	242,012	224,340
Management Companies	42,895	40,757	40,716	39,752	31,456
Other	30,790	29,904	30,298	27,090	28,355
Total revenues	758,559	805,654	880,871	800,842	737,311
Shopping center and operating expenses	245,878	258,174	281,613	253,258	230,463
Management Companies' operating expenses	90,414	79,305	77,072	73,761	56,673
REIT general and administrative expenses	20,703	25,933	16,520	16,600	13,532
Depreciation and amortization	246,812	262,063	269,938	209,101	193,589
Interest expense	212,818	267,045	295,072	260,862	259,958
(Gain) loss on early extinguishment of debt(2)	(3,661)	(29,161)	(84,143)	877	1,835
Total expenses	812,964	863,359	856,072	814,459	756,050
Equity in income of unconsolidated joint ventures(3)	79,529	68,160	93,831	81,458	86,053
Co-venture expense(4)	(6,193)	(2,262)			
Income tax benefit (provision)(5)	9,202	4,761	(1,126)	470	(33)
Gain (loss) on sale or write down of assets, net	497	161,937	(30,911)	12,146	(84)
Income from continuing operations	28,630	174,891	86,593	80,457	67,197
Discontinued operations:(6)					
(Loss) gain on sale of assets, net	(23)	(40,171)	99,625	(2,376)	241,816
(Loss) income from discontinued operations	(187)	4,530	8,797	27,981	31,546
Total (loss) income from discontinued operations	(210)	(35,641)	108,422	25,605	273,362
Net income	28,420	139,250	195,015	106,062	340,559
Less net income attributable to noncontrolling interests	3,230	18,508	28,966	29,827	96,010
Net income attributable to the Company	25,190	120,742	166,049	76,235	244,549
Less preferred dividends			4,124	10,058	10,083
Less adjustment to redemption value of redeemable noncontrolling interests				2,046	17,062
Net income available to common stockholders	$ 25,190	$ 120,742	$ 161,925	$ 64,131	$ 217,404
Earnings per common share ("EPS") attributable to the Company basic:					
Income from continuing operations	$ 0.19	$ 1.83	$ 0.92	$ 0.79	$ 0.64
Discontinued operations		(0.38)	1.25	0.09	2.41
Net income available to common stockholders	$ 0.19	$ 1.45	$ 2.17	$ 0.88	$ 3.05

EPS attributable to the Company diluted:(7)(8)										
Income from continuing operations	$	0.19	$	1.83	$	0.92	$	0.79	$	0.72
Discontinued operations				(0.38)		1.25		0.09		2.31
Net income available to common stockholders	$	0.19	$	1.45	$	2.17	$	0.88	$	3.03

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	As of December 31,				
	2010	2009	2008	2007	2006
BALANCE SHEET DATA:					
Investment in real estate (before accumulated depreciation)	$ 6,908,507	$ 6,697,259	$ 7,355,703	$ 7,078,802	$ 6,356,156
Total assets	$ 7,645,010	$ 7,252,471	$ 8,090,435	$ 7,937,097	$ 7,373,676
Total mortgage and notes payable	$ 3,892,070	$ 4,531,634	$ 5,940,418	$ 5,703,180	$ 4,993,879
Redeemable noncontrolling interests(9)	$ 11,366	$ 20,591	$ 23,327	$ 322,619	$ 322,710
Series A preferred Stock(10)	$	$	$	$ 83,495	$ 98,934
Equity(11)	$ 3,187,996	$ 2,128,466	$ 1,641,884	$ 1,434,701	$ 1,653,578
OTHER DATA:					
Funds from operations ("FFO") diluted(12)	$ 351,308	$ 344,108	$ 461,515	$ 396,556	$ 383,122
Cash flows provided by (used in):					
Operating activities	$ 200,435	$ 120,890	$ 251,947	$ 326,070	$ 211,850
Investing activities	$ (142,172)	$ 302,356	$ (558,956)	$ (865,283)	$ (126,736)
Financing activities	$ 294,127	$ (396,520)	$ 288,265	$ 355,051	$ 29,208
Number of Centers at year end	84	86	92	94	91
Regional Mall portfolio occupancy(13)	93.1%	91.3%	92.3%	93.1%	93.4%
Regional Mall portfolio sales per square foot(14)	$ 433	$ 407	$ 441	$ 467	$ 452
Weighted average number of shares outstanding EPS basic	120,346	81,226	74,319	71,768	70,826
Weighted average number of shares outstanding EPS diluted(8)(9)	120,346	81,226	86,794	84,760	88,058
Cash distribution declared per common share	$ 2.10	$ 2.60	$ 3.20	$ 2.93	$ 2.75

(1) Included in minimum rents is amortization of above and below-market leases of $7.5 million, $9.6 million, $22.5 million, $10.3 million and $11.8 million for the years ended December 31, 2010, 2009, 2008, 2007 and 2006, respectively.

(2) The Company repurchased $18.5 million, $89.1 million and $222.8 million of its Senior Notes during the years ended December 31, 2010, 2009 and 2008, respectively, that resulted in (loss) gain of ($0.5) million, $29.8 million and $84.1 million on the early extinguishment of debt for the years ended December 31, 2010, 2009 and 2008, respectively. The loss on early extinguishment of debt for the year ended December 31, 2010 was offset by a gain of $4.2 million on the early extinguishment of the mortgage notes payable. The gain on early extinguishment of debt for the year ended December 31, 2009 was offset in part by a loss of $0.6 million on the early extinguishment of the term loan.

(3)

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

On September 3, 2009, the Company formed a joint venture with a third party, whereby the Company sold a 75% interest in FlatIron Crossing and received approximately $123.8 million in cash proceeds for the overall transaction. The Company used the proceeds from the sale of the ownership interest in the property to pay down the term loan and for general corporate purposes. As part of this transaction, the Company issued three warrants for an aggregate of approximately 1.3 million shares of common stock of the Company. (See Note 15 Stockholders' Equity in the Company's Notes to the Consolidated Financial Statements). As of the date of the sale, the Company has accounted for the operations of FlatIron Crossing under the equity method of accounting.

(4)

On September 30, 2009, the Company formed a joint venture with a third party, whereby the third party acquired a 49.9% interest in Freehold Raceway Mall and Chandler Fashion Center. The Company received approximately $174.6 million in cash proceeds for the overall transaction. The Company used the proceeds from this transaction to pay down the Company's line of credit and for general corporate purposes. As part of this transaction, the Company issued a warrant for an aggregate of approximately 0.9 million shares of common stock of the Company. (See Note 15 Stockholders' Equity in the Notes to the Company's Consolidated Financial Statements). The transaction was accounted for as a profit-sharing arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation was established for the amount of $168.2 million representing the net cash proceeds received from the third party less costs allocated to the warrant.

(5)

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

(6)

Discontinued operations include the following:

On June 9, 2006, the Company sold Scottsdale 101 and the results for the period January 1, 2006 to June 9, 2006 have been classified as discontinued operations. The sale of Scottsdale 101 resulted in a gain on sale of asset of $62.7 million.

The Company sold Park Lane Mall on July 13, 2006 and the results for the period January 1, 2006 to July 13, 2006 have been classified as discontinued operations. The sale of Park Lane Mall resulted in a gain on sale of asset of $5.9 million.

The Company sold Greeley Mall and Holiday Village Mall in a combined sale on July 27, 2006, and the results for the period January 1, 2006 to July 27, 2006 have been classified as discontinued operations. The sale of these properties resulted in a gain on sale of assets of $28.7 million.

The Company sold Great Falls Marketplace on August 11, 2006 and the results for the period January 1, 2006 to August 11, 2006 have been classified as discontinued operations. The sale of Great Falls Marketplace resulted in a gain on sale of asset of $11.8 million.

The Company sold Citadel Mall, Crossroads Mall and Northwest Arkansas Mall in a combined sale on December 29, 2006, and the results for the period January 1, 2006 to December 29, 2006 have been classified as discontinued operations. The sale of these properties resulted in a gain on sale of assets of $132.7 million.

In addition, the Company recorded an additional loss of $2.4 million in 2007 related to the sale of properties in 2006.

On January 1, 2008, MACWH, LP, a subsidiary of the Operating Partnership, at the election of the holders, redeemed the 3.4 million participating convertible preferred units ("PCPUs") in exchange for the 16.32% noncontrolling interest in the Non-Rochester Properties, in exchange for the Company's ownership interest in the Rochester Properties. As a result of the Rochester Redemption, the Company recognized a gain of $99.1 million on the exchange (See Note 16 Discontinued Operations Rochester Redemption in the Company's Notes to the Consolidated Financial Statements).

The Company sold the fee simple and/or ground leasehold interests in three former Mervyn's stores to Pacific Premier Retail Trust, one of its joint ventures, on December 19, 2008, and the results for the period of January 1, 2008 to December 19, 2008 and for the year ended December 31, 2007 have been classified as discontinued operations. The sale of these interests resulted in a gain on sale of assets of $1.5 million.

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

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

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

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

The Company has classified the results of operations and gain or loss on sale for all of the above dispositions during the year ended December 31, 2009 as discontinued operations for the years ended December 31, 2010, 2009, 2008, 2007 and 2006.

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Total revenues and income from discontinued operations were:

(Dollars in millions)	Years Ended December 31, 2010	2009	2008	2007	2006
Revenues:					
Scottsdale/101	$	$	$	$ 0.1	$ 4.7
Park Lane Mall					1.5
Holiday Village			0.3	0.2	2.9
Greeley Mall					4.3
Great Falls Marketplace					1.8
Citadel Mall					15.7
Northwest Arkansas Mall					12.9
Crossroads Mall					11.5
Mervyn's		3.0	11.8	0.5	
Rochester Properties				83.1	80.0
Village Center		0.9	2.0	2.1	1.9
Village Plaza		1.8	2.1	2.1	2.1
Village Crossroads		2.1	2.6	2.7	2.2
Village Square I		0.6	0.7	0.7	0.7
Village Square II		1.3	1.9	1.9	1.8
Village Fair North		3.3	3.6	3.7	3.5
Total	$	$ 13.0	$ 25.0	$ 97.1	$ 147.5
(Loss) income from operations:					
Scottsdale/101	$	$	$	$	$ 0.8
Park Lane Mall					
Holiday Village			0.3	0.2	1.2
Greeley Mall				(0.1)	0.6
Great Falls Marketplace					1.1
Citadel Mall				(0.1)	2.5
Northwest Arkansas Mall					3.4
Crossroads Mall					2.3
Mervyn's	(0.1)		2.5	0.2	
Rochester Properties				21.9	14.5
Village Center		0.4	0.6	0.6	0.6
Village Plaza	(0.1)	0.8	1.3	1.1	1.1
Village Crossroads		1.1	1.4	1.5	1.1
Village Square I		0.2	0.3	0.4	0.4
Village Square II		0.4	0.8	0.9	0.9
Village Fair North		1.6	1.6	1.4	1.0
Total	$ (0.2)	$ 4.5	$ 8.8	$ 28.0	$ 31.5

(7)

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

(8)

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

(9)

Redeemable noncontrolling interests include the PCPUs and other redeemable equity interests not included within equity.

(10)

The holder of the Series A Preferred Stock converted approximately 0.6 million, 0.7 million, 1.3 million and 1.0 million shares to common shares on October 18, 2007, May 6, 2008, May 8, 2008 and September 17, 2008, respectively. As of December 31, 2008, there was no Series A Preferred Stock outstanding.

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

(12) The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO diluted as supplemental measures for the real estate industry and a supplement to Generally

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Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) computed in accordance with GAAP, excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. The Company also adjusts FFO for the noncontrolling interest due to redemption value on the Rochester Properties (See Note 16 Discontinued Operations in the Company's Notes to the Consolidated Financial Statements.)

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. In addition, consistent with the key objective of FFO as a measure of operating performance, the adjustment of FFO for the noncontrolling interest in redemption value provides a more meaningful measure of the Company's operating performance between periods without reference to the non-cash charge related to the adjustment in noncontrolling interest due to redemption value. The Company believes that such a presentation also provides investors with a more meaningful measure of its operating results in comparison to the operating results of other REITS. Further, FFO on a diluted basis is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities.

FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO as presented may not be comparable to similarly titled measures reported by other real estate investment trusts.

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

The computation of FFO diluted includes the effect of share and unit-based compensation plans and convertible senior notes calculated using the treasury stock method. It also assumes the conversion of MACWH, LP common and preferred units and all other securities to the extent that they are dilutive to the FFO computation. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. The Preferred Stock was convertible on a one-for-one basis for common stock. The Series A Preferred Stock then outstanding was dilutive to FFO for all periods presented and was dilutive to net income in 2006.

(13)

Year ended 2010 occupancy excludes Valley View Center.

(14)

Sales are based on reports by retailers leasing Mall Stores and Freestanding Stores for the trailing 12 months for tenants which have occupied such stores for a minimum of 12 months. Sales per square foot are based on tenants 10,000 square feet and under for Regional Malls. Year ended 2007 sales per square foot were $467 after giving effect to the Rochester Redemption and including The Shops at North Bridge. Valley View Center is excluded from year ended 2010 sales per square foot.

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

Management's Overview and Summary

The Company is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community 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, 2010, the Operating Partnership owned or had an ownership interest in 71 regional shopping centers and 13 community shopping centers totaling approximately 73 million square feet of GLA. These 84 regional and community shopping centers are referred to hereinafter as the "Centers," unless the context otherwise requires. The Company is a self-administered and self-managed REIT and conducts all of its operations through the Operating Partnership and the Management Companies.

The following discussion is based primarily on the consolidated financial statements of the Company for the years ended December 31, 2010, 2009 and 2008. It compares the results of operations and cash flows for the year ended December 31, 2010 to the results of operations and cash flows for the year ended December 31, 2009. Also included is a comparison of the results of operations and cash flows for the year ended December 31, 2009 to the results of operations and cash flows for the year ended December 31, 2008. 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 1, 2008, a subsidiary of the Operating Partnership, at the election of the holders, redeemed its 3.4 million Class A participating convertible preferred units ("PCPUs"). As a result of the redemption, the Company received the 16.32% noncontrolling interest in the portion of the Wilmorite portfolio acquired on April 25, 2005 that included Danbury Fair Mall, Freehold Raceway Mall, Great Northern Mall, Rotterdam Square, Shoppingtown Mall, Towne Mall, Tysons Corner Center and Wilton Mall, collectively, referred to as the "Non-Rochester Properties," for total consideration of $224.4 million, in exchange for the Company's ownership interest in the portion of the Wilmorite portfolio that consisted of Eastview Mall, Eastview Commons, Greece Ridge Center, Marketplace Mall and Pittsford Plaza, collectively referred to as the "Rochester Properties." Included in the redemption consideration was the assumption of the remaining 16.32% noncontrolling interest in the indebtedness of the Non-Rochester Properties, which had an estimated fair value of $106.0 million. In addition, the Company also received additional consideration of $11.8 million, in the form of a note, for certain working capital adjustments, extraordinary capital expenditures, leasing commissions, tenant allowances, and decreases in indebtedness during the Company's period of ownership of the Rochester Properties. The Company recognized a gain of $99.1 million on the exchange. This exchange is referred to herein as the "Rochester Redemption."

On January 10, 2008, the Company, in a 50/50 joint venture, acquired The Shops at North Bridge, a 679,073 square foot urban shopping center in Chicago, Illinois, for a total purchase price of $515.0 million. The Company's share of the purchase price was funded by the assumption of a pro rata share of the $205.0 million fixed rate mortgage on the Center and by borrowings under the Company's line of credit.

On January 31, 2008, the Company purchased a ground leasehold interest in a freestanding Mervyn's store located in Hayward, California. The purchase price of $13.2 million was funded by cash and borrowings under the Company's line of credit.

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On February 29, 2008, the Company purchased a fee simple interest in a freestanding Mervyn's store located in Monrovia, California. The purchase price of $19.3 million was funded by cash and borrowings under the Company's line of credit.

On May 20, 2008, the Company purchased a fee simple interest in a 161,350 square foot Boscov's department store at Deptford Mall in Deptford, New Jersey. The total purchase price of $23.5 million was funded by the assumption of the existing $15.2 million mortgage note on the property and by borrowings under the Company's line of credit. This transaction is referred to herein as the "2008 Acquisition Property."

On June 11, 2008, the Company became a 50% owner in a joint venture that acquired One Scottsdale, which plans to develop a mixed-use property in Scottsdale, Arizona. The Company's share of the purchase price was $52.5 million, which was funded by borrowings under the Company's line of credit.

On December 19, 2008, the Company sold a fee and/or ground leasehold interest in three freestanding Mervyn's department stores to Pacific Premier Retail Trust, one of the Company's joint ventures, for $43.4 million, resulting in a gain on sale of assets of $1.5 million. The proceeds were used to pay down the Company's line of credit.

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

On July 30, 2009, the Company sold a 49% ownership interest in Queens Center to a third party for approximately $152.7 million, resulting in a gain on sale of assets of $154.2 million. The Company used the proceeds from the sale of the ownership interest in the property to pay down the Company's term loan and for general corporate purposes. As of the date of the sale, the Company has accounted for the operations of Queens Center under the equity method of accounting.

On September 3, 2009, the Company formed a joint venture with a third party whereby the Company sold a 75% interest in FlatIron Crossing. As part of this transaction, the Company issued three warrants for an aggregate of 1,250,000 shares of common stock of the Company (See Note 15 Stockholders' Equity in the Notes to Company's Consolidated Financial Statements.) The Company received $123.8 million in cash proceeds for the overall transaction, of which $8.1 million was attributed to the warrants. The proceeds attributable to the interest sold exceeded the Company's carrying value in the interest sold by $28.7 million. However, due to certain contractual rights afforded to the buyer of the interest in FlatIron Crossing, the Company has only recognized a gain on sale of $2.5 million. The Company used the proceeds from the sale of the ownership interest to pay down the term loan and for general corporate purposes. As of the date of the sale, the Company has accounted for the operations of FlatIron Crossing under the equity method of accounting.

Queens Center and FlatIron Crossing are referred to herein as the "Joint Venture Centers."

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

Mervyn's:

In December 2007, the Company purchased a portfolio of ground leasehold interest and/or fee interests in 39 freestanding Mervyn's stores located in the Southwest United States. In January 2008, the Company purchased a ground leasehold interest in a freestanding Mervyn's store located in

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Hayward, California and in February 2008, the Company purchased a fee simple interest in a freestanding Mervyn's store located in Monrovia, California.

In July 2008, Mervyn's filed for bankruptcy protection and announced in October 2008 its plans to liquidate all merchandise, auction its store leases and wind down its business. The Company had 45 former Mervyn's stores in its portfolio. The Company owned the ground leasehold and/or fee simple interest in 44 of those stores and the remaining store was owned by a third party but is located at one of the Centers.

In September 2008, the Company recorded a write-down of $5.2 million due to the anticipated rejection of six of the Company's leases by Mervyn's. In addition, the Company terminated its former plan to sell the 29 Mervyn's stores located at shopping centers not owned or managed by the Company. (See Note 16 Discontinued Operations in the Company's Notes to the Consolidated Financial Statements). The Company's decision was based on then current conditions in the credit market and the assumption that a better return could be obtained by holding and operating the assets. As a result of the change in plans to sell, the Company recorded a loss of $5.3 million for the year ended December 31, 2008 in order to adjust the carrying value of these assets for depreciation expense that otherwise would have been recognized had these assets been continuously classified as held and used.

In December 2008, Kohl's and Forever 21 assumed a total of 23 of the Mervyn's leases and the remaining 22 leases were rejected by Mervyn's under the bankruptcy laws. As a result, the Company wrote off the unamortized intangible assets and liabilities related to the rejected and unassumed leases in December 2008. In the year ended December 31, 2008, the Company wrote off $27.7 million of unamortized intangible assets related to in place lease values, leasing commissions and legal costs to depreciation and amortization. Also in the year ended December 31, 2008, unamortized intangible assets of $14.9 million relating to above market leases and unamortized intangible liabilities of $24.5 million relating to below market leases were written off to minimum rents.

On December 19, 2008, the Company sold a fee and/or ground leasehold interest in three former Mervyn's stores to Pacific Premier Retail Trust, one of its joint ventures, for $43.4 million, resulting in a gain on sale of assets of $1.5 million. The Company's pro rata share of the proceeds was used to pay down the Company's line of credit.

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

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

The Mervyn's stores acquired in 2007 and 2008 are referred to herein as the "Mervyn's Properties."

As of December 31, 2010, 11 former Mervyn's stores in the Company's portfolio remain vacant. The Company is currently seeking replacement tenants for these spaces.

Other Transactions and Events:

On September 30, 2009, the Company formed a joint venture with a third party, whereby the third party acquired a 49.9% interest in Freehold Raceway Mall and Chandler Fashion Center. The Company received approximately $174.6 million in cash proceeds for the overall transaction. The

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Company used the proceeds from this transaction to pay down the Company's line of credit and for general corporate purposes. As part of this transaction, the Company issued a warrant for an aggregate of 935,358 shares of common stock of the Company. (See Note 15 Stockholders' Equity in the Company's Notes to Consolidated Financial Statements). The transaction has been accounted for as a profit-sharing arrangement, and accordingly the assets, liabilities and operations of the properties remain on the books of the Company and a co-venture obligation has been established for the amount of $168.2 million representing the net cash proceeds received from the third party less costs allocated to the warrant.

On July 15, 2010, the Receiver assumed operational control of Valley View Center and responsibility for managing all aspects of the property. The Company anticipates the disposition of the asset, which is under the control of the Receiver, will be executed through foreclosure, deed in lieu of foreclosure, or by some other means, and will be completed within the next twelve months. Although the Company is no longer funding any cash shortfall, it will continue to record the operations of Valley View Center until the title for the Center is transferred and its obligation for the loan is discharged. Once title to the Center is transferred, the Company will remove the net assets and liabilities from the Company's consolidated balance sheets. The mortgage note payable on Valley View Center is non-recourse to the Company.

Redevelopment and Development Activity:

Northgate Mall, the Company's 715,781 square foot regional mall in Marin County, California, opened the first phase of its redevelopment on November 12, 2009. The remainder of the project was completed in May 2010. The Company incurred approximately $79.0 million of redevelopment costs for the Center.

Santa Monica Place in Santa Monica, California, which includes anchors Bloomingdale's and Nordstrom, opened in August 2010. The Company incurred approximately $265.0 million of redevelopment costs for the Center.

At Pacific View Mall in Ventura, California, the Company has added BevMo!, Staples and Massage Envy which join Sephora, Trader Joe's and H&M. BevMo!, Massage Envy and Trader Joe's are scheduled to open in the second quarter of 2011 followed by Staples in the third quarter 2011. The Company began this recycling of retail space on the property's north end in September 2010.

On February 5, 2011, a 79,000 square foot Forever 21 opened as part of the Company's phased anchor recycling at Danbury Fair, a 1,261,150 square foot regional shopping center in Fairfield County, Connecticut. Forever 21 joins Dick's Sporting Goods, which opened in November 2010.

Inflation:

In the last three 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, about 6%-13% of the leases 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. Additionally, historically the majority of the leases required the tenants to pay their pro rata share of operating expenses. In January 2005, the Company began entering 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. This change shifts the burden of cost control to the Company.

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Seasonality:

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

Critical Accounting Policies

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

Some of these estimates and assumptions include judgments on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectible accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, and estimates for environmental matters. The Company's significant accounting policies are described in more detail in Note 2 Summary of Significant Accounting Policies in the Company's Notes to the Consolidated Financial Statements. However, the following policies are deemed to be critical.

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, 59% 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' revenues are recognized on a straight-line basis over the term of the related leases.

Property:

The Company capitalizes costs incurred in redevelopment and development of properties. The costs of land and buildings under development include specifically identifiable costs. 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. Capitalized costs are allocated to the specific components of a project that are benefited. The Company considers a construction project as completed and held available for occupancy and ceases capitalization of costs when the areas under development have been substantially completed.

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.

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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

Accounting for Acquisitions:

The Company first determines the value of land and buildings utilizing an "as if vacant" methodology. The Company then assigns a fair value to any debt assumed at acquisition. The balance of the purchase price is allocated to tenant improvements and identifiable intangible assets or liabilities. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair value basis at the acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under property and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) leasing commissions and legal costs, which represent the value associated with "cost avoidance" of acquiring in-place leases, such as lease commissions paid under terms generally experienced in the Company's markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased; and (iii) above or below market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Leasing commissions and legal costs are recorded in deferred charges and other assets and are amortized over the remaining lease terms. The value of in-place leases are recorded in deferred charges and other assets and amortized over the remaining lease terms plus an estimate of renewal of the acquired leases. Above or below market leases are classified in deferred charges and other assets or in other accrued liabilities, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to minimum rents over the remaining terms of the leases.

Asset Impairment:

The Company assesses whether an indicator of impairment in the value of its long-lived assets exists by considering factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include the tenant's ability to perform their duties and pay rent under the terms of the leases. The Company may recognize impairment losses if the cash flows are not sufficient to cover its investment. Such a loss would be determined as the difference between the carrying value and the fair value of a center.

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. In-place lease values are amortized over the remaining lease term plus an estimate of the renewal term. Leasing commissions and legal costs are amortized on a straight-line basis over the individual remaining lease years. The ranges of the terms of the agreements are as follows:

Deferred lease costs	1 - 15 years
Deferred financing costs	1 - 15 years
In-place lease values	Remaining lease term plus an estimate for renewal
Leasing commissions and legal costs	5 - 10 years

Results of Operations

Many of the variations in the results of operations, discussed below, occurred due to the transactions described above including the 2008 Acquisition Property, the Joint Venture Centers, the Mervyn's Properties and the Redevelopment Centers as defined below. For the comparison of the year ended December 31, 2010 to the year ended December 31, 2009, the "Same Centers" include all Consolidated Centers, excluding the Mervyn's Properties, the Joint Venture Centers and the Redevelopment Centers as defined below. For the comparison of the year ended December 31, 2009 to the year ended December 31, 2008, the "Same Centers" include all Consolidated Centers, excluding the 2008 Acquisition Property, the Mervyn's Properties, the Joint Venture Centers and the Redevelopment Centers as defined below.

For the comparison of the year ended December 31, 2010 to the year ended December 31, 2009, the "Redevelopment Centers" include Northgate Mall, Santa Monica Place and Shoppingtown Mall. For the comparison of the year ended December 31, 2009 to the year ended December 31, 2008, the "Redevelopment Centers" include The Oaks, Northgate Mall, Santa Monica Place and Shoppingtown Mall.

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One of the principal reasons for the changes in the results of operations, discussed below, from (i) the year ended December 31, 2010 compared to the year ended December 31, 2009 and (ii) the year ended December 31, 2009 compared to the year ended December 31, 2008 is because of the change in how the Company classified the Joint Venture Centers. The Joint Venture Centers were classified as Consolidated Centers until the sale of a partial ownership interest in Queens Center and FlatIron Crossing on July 30, 2009 and September 3, 2009, respectively. Therefore, the results of operations of Queens Center for the period of January 1, 2008 to July 29, 2009 and FlatIron Crossing for the period of January 1, 2008 to September 2, 2009 are included in the Company's financial statements as Consolidated Centers. Results of operations subsequent to the sale of the ownership interest in each Joint Venture Center are included in "Equity in income of unconsolidated joint ventures" (See "Acquisitions and Dispositions" in Management's Overview and Summary).

The U.S. economy, the retail industry as well as the Company's business fundamentals improved in 2010, with the Company's mall occupancy, tenant sales and same center net operating income increasing from 2009. While recent economic data has shown signs of a positive trend, the U.S. economy is still experiencing weakness, high levels of unemployment have persisted, and rental rates and valuations for retail space have not fully recovered to pre-recession levels. If this positive trend does not continue, any further continuation of these adverse conditions could harm the Company's business, results of operations and financial condition.

Comparison of Years Ended December 31, 2010 and 2009

Revenues:

Minimum and percentage rents (collectively referred to as "rental revenue") decreased by $49.3 million, or 10.0%, from 2009 to 2010. The decrease in rental revenue is attributed to a decrease of $48.6 million from the Joint Venture Centers and $13.3 million from the Same Centers which was offset in part by an increase of $11.5 million from the Redevelopment Centers and $1.1 million from the Mervyn's Properties. The decrease in Same Centers rental revenue is primarily attributed to a decrease in lease termination income.

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 decreased from $9.6 million in 2009 to $7.5 million in 2010. The amortization of straight-lined rents decreased from $6.5 million in 2009 to $5.8 million in 2010. Lease termination income decreased from $16.2 million in 2009 to $4.4 million in 2010.

Tenant recoveries decreased by $0.8 million from 2009 to 2010. The decrease in tenant recoveries of $22.5 million from the Joint Venture Centers was offset by an increase of $12.9 million from the Same Centers, $7.5 million from the Redevelopment Centers and $1.3 million from the Mervyn's Properties.

Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased $12.3 million, or 4.8%, from 2009 to 2010. The decrease in shopping center and operating expenses is attributed to a decrease of $25.7 million from the Joint Venture Centers and $1.5 million from the Mervyn's Properties offset in part by an increase of $7.9 million from the Same Centers and $7.0 million from the Redevelopment Centers.

Management Companies' Operating Expenses:

Management Companies' operating expenses increased $11.1 million from 2009 to 2010 due to an increase in compensation costs in 2010 offset in part by severance costs paid in connection with the implementation of the Company's workforce reduction plan in 2009.

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REIT General and Administrative Expenses:

REIT general and administrative expenses decreased by $5.2 million from 2009 to 2010. The decrease is primarily due to closing costs incurred in connection with the formation of the co-venture arrangement in 2009 (See "Other Transactions and Events" in Management's Overview and Summary).

Depreciation and Amortization:

Depreciation and amortization decreased $15.3 million from 2009 to 2010. The decrease in depreciation and amortization is primarily attributed to a decrease of $16.9 million from the Mervyn's Properties and $13.0 million from the Joint Venture Centers offset in part by an increase of $8.3 million from the Redevelopment Centers and $4.8 million from the Same Centers.

Interest Expense:

Interest expense decreased $54.2 million from 2009 to 2010. The decrease in interest expense is attributed to a decrease of $25.4 million from borrowing under the Company's line of credit, $20.7 million from a term loan (paid off in 2009), $20.0 million from the Joint Venture Centers, $2.4 million from the Senior Notes and $0.1 million from the Redevelopment Centers offset in part by an increase of $14.4 million from the Same Centers.

The above interest expense items are net of capitalized interest, which increased from $21.3 million in 2009 to $25.7 million in 2010 due to an increase in redevelopment activity in 2010.

Gain on Early Extinguishment of Debt:

The gain on early extinguishment of debt decreased from $29.2 million in 2009 to $3.7 million in 2010. The decrease in gain is due to a decrease in repurchases of the Senior Notes in 2010. (See Liquidity and Capital Resources).

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures increased $11.4 million from 2009 to 2010. The increase in equity in income from unconsolidated joint ventures is primarily attributed to the $7.6 million write-down at certain joint ventures in 2009 and the deconsolidation of the Joint Venture Centers upon sale in 2009 (See "Acquisitions and Dispositions" in Management's Overview and Summary).

Discontinued Operations:

Loss from discontinued operations decreased from $35.6 million in 2009 to $0.2 million in 2010. The decrease in loss is primarily attributed to a loss of $40.2 million on the sales of six former Mervyn's stores and five non-core community centers in 2009.

Funds From Operations:

Primarily as a result of the factors mentioned above, FFO diluted increased 2.1% from $344.1 million in 2009 to $351.3 million in 2010. For disclosure of net income, the most directly comparable GAAP financial measure, for the periods and a reconciliation of FFO and FFO diluted to net income available to common stockholders, see "Funds from Operations."

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Operating Activities:

Cash provided by operations increased from $120.9 million in 2009 to $200.4 million in 2010. The increase was primarily due to changes in assets and liabilities and the results at the Centers as discussed above and an increase of $8.4 million in distribution of income from unconsolidated joint ventures.

Investing Activities:

Cash from investing activities decreased from a surplus of $302.4 million in 2009 to a deficit of $142.2 million in 2010. The decrease was primarily due to the decrease in proceeds received from the sale of assets of $417.5 million in 2009, a decrease in distributions from unconsolidated joint ventures of $51.9 million, offset in part by a decrease in contributions to unconsolidated joint ventures of $33.7 million.

Financing Activities:

Cash from financing activities increased from a deficit of $396.5 million in 2009 to a surplus of $294.1 million in 2010. The increase was primarily attributed to the net proceeds from the stock offering of $1.2 billion in 2010 (See "Liquidity and Capital Resources") and an increase in proceeds from the mortgages, bank and other notes payable of $501.8 million offset in part by net proceeds from the stock offering in 2009 of $383.5 million, an increase in payments on mortgages, bank and other notes payable of $339.1 million, a decrease in contributions from the co-venture partner of $168.2 million and an increase in dividends and distributions of $130.3 million.

Comparison of Years Ended December 31, 2009 and 2008

Revenues:

Rental revenue decreased by $56.7 million, or 10.4%, from 2008 to 2009. The decrease in rental revenue is attributed to a decrease of $32.1 million from the Joint Venture Centers, $26.9 million from the Mervyn's Properties and $7.4 million from the Same Centers which is offset in part by an increase of $8.9 million from the Redevelopment Centers and $0.8 million from the 2008 Acquisition Property. The decrease in rental revenue from the Mervyn's Properties is due to the rejection of 22 leases by Mervyn's under the bankruptcy laws in 2008, offset in part by the assumption of 23 of the Mervyn's leases by Kohls and Forever 21 as well as the sale of six of the Mervyn's stores in 2009. The decrease in Same Centers rental revenue is primarily attributed to a decrease in occupancy, a decrease in amortization of above and below market leases and a decrease in percentage rents due to a decrease in retail sales.

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 decreased from $22.5 million in 2008 to $9.6 million in 2009. The amortization of straight-lined rents increased from $4.5 million in 2008 to $6.5 million in 2009. Lease termination income increased from $9.6 million in 2008 to $16.2 million in 2009. The decrease in the amortization of above and below market leases is primarily due to the early termination of Mervyn's leases in 2008 (See "Management's Overview and Summary Mervyn's").

Tenant recoveries decreased $18.1 million, or 6.9%, from 2008 to 2009. The decrease in tenant recoveries is attributed to a decrease of $12.7 million from the Joint Venture Centers, $4.3 million from the Same Centers and $4.0 million from the Mervyn's Properties offset in part by an increase of $2.7 million from the Redevelopment Centers and $0.2 million from the 2008 Acquisition Property. The decrease in Same Centers is due to a decrease in recoverable operating expenses, utilities and property taxes.

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Shopping Center and Operating Expenses:

Shopping center and operating expenses decreased $23.4 million, or 8.3%, from 2008 to 2009. The decrease in shopping center and operating expenses is attributed to a decrease of $15.1 million from the Joint Venture Centers and $10.1 million from the Same Centers offset in part by an increase of $1.5 million from the Redevelopment Centers and $0.3 million from the 2008 Acquisition Property. The decrease in Same Centers is due to a decrease in recoverable operating expenses, utilities and property taxes.

Management Companies' Operating Expenses:

Management Companies' operating expenses increased $2.2 million from 2008 to 2009 due to severance costs paid in connection with the implementation of the Company's workforce reduction plan in 2009.

REIT General and Administrative Expenses:

REIT general and administrative expenses increased by $9.4 million from 2008 to 2009. The increase is primarily due to $7.3 million in transaction and other related costs relating to the Chandler Fashion Center and Freehold Raceway Mall transaction (See "Management Overview and Summary Other Transactions and Events") and $1.5 million in other compensation costs incurred in 2009.

Depreciation and Amortization:

Depreciation and amortization decreased $7.9 million from 2008 to 2009. The decrease in depreciation and amortization is primarily attributed to a decrease of $11.4 million from the Mervyn's Properties and $8.5 million from the Joint Venture Centers offset in part by an increase of $4.6 million from the Same Centers, $2.9 million from the Redevelopment Centers and $0.3 million from the 2008 Acquisition Property. Included in the decrease of depreciation and amortization of Mervyn's Properties is the write-off of intangible assets as a result of the early termination of Mervyn's leases in 2008 (See "Management's Overview and Summary Mervyn's").

Interest Expense:

Interest expense decreased $28.0 million from 2008 to 2009. The decrease in interest expense was primarily attributed to a decrease of $12.1 million from the Senior Notes, $10.9 million from the Joint Venture Centers, $10.8 million from borrowings under the Company's line of credit and $9.0 million from the term loan offset in part by an increase of $8.5 million from the Redevelopment Centers, $5.7 million from the Same Centers and $0.6 million from the 2008 Acquisition Property.

The decrease in interest expense on the Senior Notes is due to a reduction of weighted average outstanding principal balance from 2008 to 2009. The decrease in interest expense on the Company's line of credit was due to a decrease in average outstanding borrowings during 2009, due in part, to the proceeds from sale of the 2009 joint venture transactions (See "Management's Overview and Summary Acquisitions and Dispositions") and the equity offering in 2009. (See "Liquidity and Capital Resources").

The above interest expense items are net of capitalized interest, which decreased from $33.3 million in 2008 to $21.3 million in 2009 due to a decrease in redevelopment activity in 2009 and a reduction in the cost of borrowing.

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Gain on Early Extinguishment of Debt:

Gain on early extinguishment of debt decreased from $84.1 million in 2008 to $29.2 million in 2009. The reduction in gain reflects a decrease in the amount of Senior Notes repurchased in 2009 compared to 2008. (See "Liquidity and Capital Resources").

Equity in Income of Unconsolidated Joint Ventures:

Equity in income of unconsolidated joint ventures decreased $25.7 million from 2008 to 2009. The decrease in equity in income from joint ventures is primarily attributed to $9.1 million of termination fee income received in 2008 and $7.6 million related to a write-down of assets at certain joint venture Centers in 2009.

Gain (loss) on Sale or Write-down of Assets:

The gain (loss) on sale or write-down of assets increased from a loss of $30.9 million in 2008 to a gain of $161.9 million in 2009. The gain is primarily attributed to the gain of $156.7 million related to the sale of ownership interests in the Joint Venture Centers (See "Management's Overview and Summary Acquisitions and Dispositions"), the impairment charge of $19.2 million in 2008 to reduce the carrying value of land held for development and a $5.3 million adjustment in 2008 to reduce the carrying value of Mervyn's stores that the Company had previously classified as held for sale (See "Management's Overview and Summary Mervyn's").

Discontinued Operations:

The Company recorded a loss from discontinued operations of $35.6 million in 2009 compared to income of $108.4 million in 2008. The reduction in income is primarily attributed to the $99.1 million gain from the Rochester Redemption in 2008 (See "Management's Overview and Summary Acquisitions and Dispositions") and the loss on sale or write-down of assets of $40.2 million in 2009.

Net Income Attributable to Noncontrolling Interests:

Net income attributable to noncontrolling interests decreased from $29.0 million in 2008 to $18.5 million in 2009. The decrease in net income from noncontrolling interests is attributable to $16.3 million from the Rochester Redemption in 2008 and an increase in income from continuing operations.

Funds From Operations:

Primarily as a result of the factors mentioned above, FFO diluted decreased 25.4% from $461.5 million in 2008 to $344.1 million in 2009. For disclosure of net income, the most directly comparable GAAP financial measure, for the periods and a reconciliation of FFO and FFO diluted to net income available to common stockholders, see "Funds from Operations."

Operating Activities:

Cash provided by operations decreased from $251.9 million in 2008 to $120.9 million in 2009. The decrease was primarily due to changes in assets and liabilities in 2008 compared to 2009, an increase in accounts payable and other accrued liabilities and the results at the Centers as discussed above.

Investing Activities:

Cash from investing activities increased from a deficit of $559.0 million in 2008 to a surplus of $302.4 million in 2009. The increase in cash provided by investing activities was primarily due to an increase in proceeds from the sale of assets of $370.3 million, a decrease in capital expenditures of

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$337.8 million, a decrease in contributions to unconsolidated joint ventures of $110.7 million and an increase in distributions from unconsolidated joint ventures of $27.4 million.

The increase in proceeds from the sale of assets is due to the sale of the ownership interests in the Joint Venture Centers. The decrease in capital expenditures is primarily due to the purchase of a ground leasehold and fee simple interest in two Mervyn's stores in 2008 and the decrease in development activity in 2009. The decrease in contributions to unconsolidated joint ventures is primarily due to the Company's purchase of a pro rata share of The Shops at North Bridge for $155.0 million in 2008. See "Management's Overview and Summary Acquisitions and Dispositions" for a discussion of the acquisition of The Shops at North Bridge, the Joint Venture Centers and Mervyn's.

Financing Activities:

Cash flows from financing activities decreased from a surplus of $288.3 million in 2008 to a deficit of $396.5 million in 2009. The decrease in cash from financing activities was primarily attributed to decreases in cash provided by mortgages, bank and other notes payable of $1.3 billion and cash payments on mortgages, bank and other notes payable of $177.8 million offset in part by the net proceeds from the common stock offering in 2009 of $383.5 million, the decrease in dividends and distributions (See "Liquidity and Capital Resources") of $179.0 million and the contribution from a co-venture partner of $168.2 million. (See "Management's Overview and Summary Acquisitions and Dispositions").

Liquidity and Capital Resources

The Company anticipates meeting its liquidity needs for its operating expenses and debt service and dividend requirements through cash generated from operations, working capital reserves and/or borrowings under its unsecured line of credit. The completion of the Company's stock offering in April 2010, which raised net proceeds of approximately $1.2 billion, provided the Company with additional liquidity in 2010. (See Item 1. Business Recent Developments "Financing Activity").

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

(Dollars in thousands)	**2010**	**2009**	**2008**
Consolidated Centers:			
Acquisitions of property and equipment	$ 12,888	$ 11,001	$ 87,516
Development, redevelopment and expansion of Centers	201,609	216,615	446,119
Renovations of Centers	13,187	9,577	8,541
Tenant allowances	21,993	10,830	14,651
Deferred leasing charges	24,528	19,960	22,263
	$ 274,205	$ 267,983	$ 579,090
Unconsolidated Joint Venture Centers (at Company's pro rata share):			
Acquisitions of property and equipment	$ 6,095	$ 5,443	$ 294,416
Development, redevelopment and expansion of Centers	35,264	57,019	60,811
Renovations of Centers	7,025	4,165	3,080
Tenant allowances	8,130	5,092	13,759
Deferred leasing charges	4,664	3,852	4,997
	$ 61,178	$ 75,571	$ 377,063

The Company expects amounts to be incurred in future years for tenant allowances and deferred leasing charges to be comparable or less than 2010 and that capital for those expenditures will be available from working capital, cash flow from operations, borrowings on property specific debt or unsecured corporate borrowings. The Company expects to incur between $100 million and $200 million during the next twelve months for development, redevelopment, expansion and renovations. Capital for these major expenditures, developments and/or redevelopments has been, and is expected to continue to be, obtained from a combination of equity or debt financings, which include borrowings under the Company's line of credit and construction loans. In addition to the Company's April 2010 equity offering and property refinancings, the Company has also generated additional liquidity in the past through joint venture transactions and the sale of non-core assets, and may continue to do so in the future.

The capital and credit markets can fluctuate, and at times, limit access to debt and equity financing for companies. As demonstrated by the Company's recent activity, including its April 2010 equity offering, the Company was able to access capital; however, there is no assurance the Company will be able to do so in future periods or on similar terms and conditions. Many factors impact the Company's ability to access capital, such as its overall debt level, interest rates, interest coverage ratios and prevailing market conditions. In the event that the Company has significant tenant defaults as a result of the overall economy and general market conditions, the Company could have a decrease in cash flow from operations, which could create borrowings under its line of credit. These events could result in an increase in the Company's proportion of floating rate debt, which would cause it to be subject to interest rate fluctuations in the future.

On April 20, 2010, the Company completed an offering of 30,000,000 newly issued shares of its common stock and on April 23, 2010 issued an additional 1,000,000 newly issued shares of common stock in connection with the underwriters' exercise of its over-allotment option. The net proceeds of the offering, after giving effect to the issuance and sale of all 31,000,000 shares of common stock at an initial price to the public of $41.00 per share, were approximately $1.2 billion after deducting underwriting discounts, commissions and other transaction costs. The Company used a portion of the net proceeds of the offering to pay down its line of credit in full and reduce certain property indebtedness. The Company plans to use the remaining cash for debt repayments and/or general corporate purposes.

The Company's total outstanding loan indebtedness at December 31, 2010 was $6.1 billion (including $607.0 million of unsecured debt and $2.2 billion of its pro rata share of joint venture debt). The majority of the Company's debt consists of fixed-rate conventional mortgages payable collateralized by individual properties. Approximately $465.0 million of the outstanding total indebtedness matures in 2011 (at the Company's pro rata share and excluding loans with extensions and refinancing transactions that have recently closed). The Company expects that all of these maturities during the next twelve months, except the mortgage note payable on Valley View Center, will be refinanced, restructured, extended and/or paid off from the Company's line of credit or cash on hand.

On March 16, 2007, the Company issued $950 million in Senior Notes that mature on March 15, 2012. The Senior Notes bear interest at 3.25%, payable semiannually, are senior to unsecured debt of the Company and are guaranteed by the Operating Partnership. On April 19, 2010, the Company repurchased and retired $18.5 million of the Senior Notes for $18.2 million. The repurchase was funded by the net proceeds of the stock offering. The carrying value of the Senior Notes at December 31, 2010 was $607.0 million. See Note 11 Bank and Other Notes Payable in the Company's Notes to the Consolidated Financial Statements.

The Company has a $1.5 billion revolving line of credit that bears interest at LIBOR plus a spread of 0.75% to 1.10% depending on the Company's overall leverage that was scheduled to mature on April 25, 2010. On April 25, 2010, the Company extended the maturity date to April 25, 2011. On

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April 20, 2010, the Company paid off the balance of the line of credit from the net proceeds of the stock offering. As of December 31, 2010, the Company has access to the entire balance of its $1.5 billion line of credit. The Company is currently negotiating a renewal of the line of credit.

Cash dividends and distributions for the year ended December 31, 2010 were $226.0 million. A total of $200.4 million was funded by cash flows provided by operations. The remaining $25.6 million was funded through distributions received from unconsolidated joint ventures which are included in the cash flows from investing activities section of the Company's Consolidated Statement of Cash Flows.

At December 31, 2010, the Company was in compliance with all applicable loan covenants under its agreements.

At December 31, 2010, the Company had cash and cash equivalents available of $445.6 million.

Off-Balance Sheet Arrangements

The Company has an ownership interest in a number of unconsolidated joint ventures as detailed in Note 4 to the Company's Consolidated Financial Statements included herein. The Company accounts for those investments that it does not have a controlling interest in or is not the primary beneficiary using the equity method of accounting and those investments are reflected on the Consolidated Balance Sheets of the Company as "Investments in unconsolidated joint ventures" and "Distributions in excess of investments in unconsolidated joint ventures." A pro rata share of the mortgage debt on these properties is shown in "Item 2. Properties Mortgage Debt."

In addition, certain joint ventures also have debt that could become recourse debt to the Company or its subsidiaries, in excess of the Company's pro rata share, should the joint ventures be unable to discharge the obligations of the related debt. The following reflects the maximum amount of debt principal under those joint ventures that could recourse to the Company at December 31, 2010 (in thousands):

Property	**Recourse Debt**	**Maturity Date**
Boulevard Shops	$ 4,280	12/16/2013
Chandler Village Center(1)	4,375	1/15/2011
The Market at Estrella Falls	8,488	6/1/2011
	$ 17,143	

(1) The loan was extended to March 1, 2011.

Additionally, as of December 31, 2010, the Company is contingently liable for $26.8 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

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Contractual Obligations

The following is a schedule of contractual obligations as of December 31, 2010 for the consolidated Centers over the periods in which they are expected to be paid (in thousands):

Contractual Obligations	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than five years
		Payment Due by Period			
Long-term debt obligations (includes expected interest payments)	$ 4,108,443	$ 1,264,891	$ 1,435,271	$ 654,389	$ 753,892
Operating lease obligations(1)	824,936	13,723	28,241	25,263	757,709
Purchase obligations(1)	12,141	12,141			
Other long-term liabilities	243,943	197,821	4,123	4,082	37,917
	$ 5,189,463	$ 1,488,576	$ 1,467,635	$ 683,734	$ 1,549,518

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

Funds From Operations

The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO diluted as supplemental measures for the real estate industry and a supplement to GAAP measures. NAREIT defines FFO as net income (loss) computed in accordance with GAAP, excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. The Company also adjusts FFO for the noncontrolling interest due to redemption value on the Rochester Properties. (See Note 16 Discontinued Operations in the Company's Notes to the Consolidated Financial Statements.)

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. In addition, consistent with the key objective of FFO as a measure of operating performance, the adjustment of FFO for the noncontrolling interest in redemption value provides a more meaningful measure of the Company's operating performance between periods without reference to the non-cash charge related to the adjustment in noncontrolling interest due to redemption value. The Company believes that such a presentation also provides investors with a more meaningful measure of its operating results in comparison to the operating results of other REITS. Further, FFO on a diluted basis is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities.

FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. The Company also cautions that FFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts. The reconciliation of FFO and FFO diluted to net income available to common stockholders is provided below.

Management compensates for the limitations of FFO by providing investors with financial statements prepared according to GAAP, along with this detailed discussion of FFO and a reconciliation of FFO and FFO-diluted to net income available to common stockholders. Management believes that to further understand the Company's performance, FFO should be compared with the

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Company's repor