



Macerich Announces Quarterly Results

April 29, 2015

Increases 2015 FFO per share Guidance Range

SANTA MONICA, Calif., April 29, 2015 /PRNewswire/ -- The Macerich Company (NYSE Symbol: MAC) today announced results of operations for the quarter ended March 31, 2015, which included funds from operations ("FFO") diluted of \$133.5 million or \$.79 per share-diluted compared to \$121.6 million or \$.81 per share-diluted for the quarter ended March 31, 2014. Included in the 2015 first quarter results is a gain on early extinguishment of debt of \$2.2 million or \$.01 per share-diluted and \$13.6 million or \$.08 per share-diluted of expenses related to an unsolicited takeover attempt. Net income attributable to the Company was \$24.6 million or \$.15 per share-diluted for the quarter ended March 31, 2015 compared to net income attributable to the Company for the quarter ended March 31, 2014 of \$17.8 million or \$.13 per share-diluted. A description and reconciliation of FFO per share-diluted to EPS-diluted is included in the financial tables accompanying this press release.

Recent Highlights:

- Mall tenant annual sales per square foot for the portfolio increased 7.4% for the year ended March 31, 2015 to \$607 compared to \$565 for the year ended March 31, 2014. On a same center basis, annual sales per square foot increased to \$604 for the year ended March 31, 2015, up from \$579 for the year ended March 31, 2014.
- The releasing spreads for the year ended March 31, 2015 were up 21%.
- Mall portfolio occupancy was 95.4% at March 31, 2015 compared to 95.1% at March 31, 2014.

Arthur Coppola chairman and chief executive officer of Macerich stated, "Over the past several years, Macerich has executed an extensive and successful portfolio transformation by selling lower quality malls and recycling the capital into value-enhancing redevelopment opportunities. Today, Macerich has a unique and irreplaceable portfolio of high quality properties and we are beginning to realize the significant benefits of our portfolio transformation strategy. During the recently completed quarter, additional occupancy gains and continued strong releasing spreads drove solid same center net operating income growth of 5.0%. In addition, we continued to execute on our deep pipeline of value-add redevelopment and expansion projects, while further strengthening our balance sheet through additional long term financings at highly attractive rates."

Developments:

At Tysons Corner Center, the Company's 2.1 million square foot super regional mall, construction continues on the multifamily component of this mixed use project which has also added an office tower and luxury hotel to one of the country's premier retail centers. The 527,000 square foot office tower with major tenants Intelsat and Deloitte opened in August 2014 and is currently more than 85% leased. A 300-room Hyatt Regency hotel opened on April 14, 2015. Additionally, a 30-story, 430-unit luxury residential tower is planned to open in June 2015.

At Broadway Plaza, in Walnut Creek, California, a major redevelopment, including a 235,000 square foot expansion, is underway. This 774,000 square foot mall (pre-expansion) is anchored by Macy's, Nordstrom and Neiman Marcus. The expansion will open in phases starting in fall 2015.

At both Los Cerritos Center and Scottsdale Fashion Square, expansions are underway to add a Dick's Sporting Goods store and a Harkins Theatre. Both projects are planned for completion in the second half of 2015.

At Santa Monica Place a new ArcLight Cinema is being built on the third level above Bloomingdales. Completion of the project is scheduled for fall 2015.

Financing:

The Company has committed to a \$410 million, 11-year fixed rate 3.43% loan on Lakewood Center. The mall is currently unencumbered and the loan proceeds are expected to be used to pay down the line of credit.

2015 Earnings Guidance:

Management is increasing its previously provided FFO per share guidance range to \$3.83 to \$3.93 up from \$3.80 to \$3.90. The guidance does not include the impact of gains or losses on early extinguishment of debt or expenses related to an unsolicited takeover attempt.

Details of the guidance assumptions are included in the Company's Form 8-K supplemental financial information.

Macerich, an S&P 500 company, is a fully integrated self-managed and self-administered real estate investment trust, which focuses on the acquisition, leasing, management, development and redevelopment of regional malls throughout the United States.

Macerich currently owns 55 million square feet of real estate consisting primarily of interests in 51 regional shopping centers. Macerich specializes in successful retail properties in many of the country's most attractive, densely populated markets with significant presence in the Pacific Rim, Arizona, Chicago, and the New York Metro area to Washington DC corridor. Additional information about Macerich can be obtained from the Company's website at www.macerich.com.

Investor Conference Call

The Company will provide an online Web simulcast and rebroadcast of its quarterly earnings conference call. The call will be available on The Macerich Company's website at www.macerich.com (Investing Section). The call begins Thursday, April 30, 2015 at 10:30 AM Pacific Time. To listen to the call, please go to the website at least 15 minutes prior to the call in order to register and download audio software if needed. An online replay at www.macerich.com (Investing Section) will be available for one year after the call.

The Company will publish a supplemental financial information package which will be available at www.macerich.com in the Investing Section. It will

also be furnished to the SEC as part of a Current Report on Form 8-K.

Note: This release contains statements that constitute forward-looking statements which can be identified by the use of words, such as "expects," "anticipates," "assumes," "projects," "estimated" and "scheduled" and similar expressions that do not relate to historical matters. 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 to vary materially from those anticipated, expected or projected. Such factors include, among others, general industry, as well as national, regional and local economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates, terms and payments, interest rate fluctuations, availability, terms and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technology, risks of real estate development and redevelopment, acquisitions and dispositions; the liquidity of real estate investments, governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities or other acts of violence which could adversely affect all of the above factors. The reader is directed to the Company's various filings with the Securities and Exchange Commission, including the Annual Report on Form 10-K for the year ended December 31, 2014, for a discussion of such risks and uncertainties, which discussion is incorporated herein by reference. 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 release or to reflect the occurrence of unanticipated events unless required by law to do so.

THE MACERICH COMPANY
FINANCIAL HIGHLIGHTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Results of Operations:

		For the Three Months Ended March 31,	
		Unaudited	
		2015	2014
Minimum rents		\$190,761	\$151,633
Percentage rents		3,248	2,853
Tenant recoveries		105,698	91,475
Management Companies' revenues		5,625	8,121
Other income		13,003	10,430
Total revenues		318,335	264,512
Shopping center and operating expenses		101,664	90,376
Management Companies' operating expenses		26,468	22,772
REIT general and administrative expenses		8,422	6,877
Costs related to unsolicited takeover offer		13,572	-
Depreciation and amortization		120,618	88,657
Interest expense		53,286	46,338
(Gain) loss on early extinguishment of debt, net		(2,245)	358
Total expenses		321,785	255,378
Equity in income of unconsolidated joint ventures		8,274	13,769
Co-venture expense (a)		(2,130)	(1,820)
Income tax benefit		935	172
Gain (loss) on sale or write down of assets, net		935	(1,611)
Gain on remeasurement of assets		22,103	-
Net income		26,667	19,644
Less net income attributable to noncontrolling interests		2,056	1,825
Net income attributable to the Company		\$24,611	\$17,819
Average number of shares outstanding - basic		158,336	140,767
Average shares outstanding, assuming full conversion of OP Units (b)		168,852	150,758
Average shares outstanding - Funds From Operations ("FFO") - diluted (b)		169,060	150,808
Net income per share - basic		\$0.15	\$0.13
Net income per share - diluted		\$0.15	\$0.13
Dividend declared per share		\$0.65	\$0.62
FFO - basic (b) (c)		\$133,534	\$121,560
FFO - diluted (b) (c)		\$133,534	\$121,560

FFO - diluted, excluding early extinguishment of debt and costs related to unsolicited takeover offer (b) (c)	\$144,861	\$121,918
FFO per share - basic (b) (c)	\$0.79	\$0.81
FFO per share - diluted (b) (c)	\$0.79	\$0.81
FFO per share - diluted, excluding early extinguishment of debt and costs related to unsolicited takeover offer (b) (c)	\$0.86	\$0.81

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- (a) This represents the outside partners' allocation of net income in the Chandler Fashion Center/Freehold Raceway Mall joint venture.
- (b) The Macerich Partnership, L.P. (the "Operating Partnership" or the "OP") has operating partnership units ("OP units"). OP units can be converted into shares of Company common stock. Conversion of the OP units not owned by the Company has been assumed for purposes of calculating FFO per share and the weighted average number of shares outstanding. The computation of average shares for FFO - diluted includes the effect of share and unit-based compensation plans, stock warrants and convertible senior notes using the treasury stock method. It also assumes conversion of MACWH, LP preferred and common units to the extent they are dilutive to the calculation.
- (c) The Company uses FFO in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization, impairment write-downs of real estate and write-downs of investments in an affiliate where the write-downs have been driven by a decrease in the value of real estate held by the affiliate and after adjustments for unconsolidated joint ventures. Adjustments for unconsolidated joint ventures are calculated to reflect FFO on the same basis.

FFO and FFO on a diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. The Company believes that such a presentation also provides investors with a more meaningful measure of its operating results in comparison to the operating results of other real estate investment trusts ("REITs"). The Company believes that FFO on a diluted basis is a measure investors find most useful in measuring the dilutive impact of outstanding convertible securities. The Company further believes that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income (loss) 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 REITs.

THE MACERICH COMPANY
FINANCIAL HIGHLIGHTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Reconciliation of Net income attributable to the Company to FFO (c):

		For the Three Months Ended March 31,	
		Unaudited	
		2015	2014
Net income attributable to the Company		\$24,611	\$17,819
Adjustments to reconcile net income attributable to the Company to FFO - basic and diluted:			
Noncontrolling interests in OP		1,635	1,265
(Gain) loss on sale or write down of consolidated assets, net		(935)	1,611
		(22,103)	-
Gain on remeasurement of consolidated assets plus gain on undepreciated asset sales - consolidated assets		944	-
plus non-controlling interests share of gain on sale or write down of consolidated joint ventures, net		112	-
Loss on sale or write down of assets from unconsolidated entities (pro rata), net plus loss on undepreciated asset sales - unconsolidated entities (pro rata)		-	62
		-	(2)
Depreciation and amortization on consolidated assets		120,618	88,657
Less depreciation and amortization allocable to noncontrolling interests on consolidated joint ventures		(3,791)	(5,460)
Depreciation and amortization on joint ventures (pro rata)		15,611	20,375
Less: depreciation on personal property		(3,168)	(2,767)
Total FFO - basic and diluted		\$133,534	\$121,560
(Gain) loss on early extinguishment of debt, net - consolidated assets		(2,245)	358
Total FFO - diluted, excluding early extinguishment of debt		\$131,289	\$121,918
Add: Costs related to unsolicited takeover offer		13,572	-

Total FFO - diluted, excluding early extinguishment of debt and costs related to unsolicited takeover offer

\$144,861	\$121,918

Reconciliation of EPS to FFO per diluted share (c):

	For the Three Months Ended March 31, Unaudited	
	2015	2014
Earnings per share - diluted	\$0.15	\$0.13
Per share impact of depreciation and amortization of real estate	0.76	0.67
Per share impact of (gain) loss on remeasurement, sale or write down of assets, net	(0.12)	0.01
FFO per share - diluted	\$0.79	\$0.81
Per share impact of (gain) loss on early extinguishment of debt, net	(0.01)	0.00
Per share impact of costs related to unsolicited takeover offer	0.08	0.00
FFO per share - diluted, excluding early extinguishment of debt and costs related to unsolicited takeover offer	\$0.86	\$0.81

**THE MACERICH COMPANY
FINANCIAL HIGHLIGHTS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)**

Reconciliation of Net income attributable to the Company to EBITDA:

	For the Three Months Ended March 31, Unaudited	
	2015	2014
Net income attributable to the Company	\$24,611	\$17,819
Interest expense - consolidated assets	53,286	46,338
Interest expense - unconsolidated entities (pro rata)	8,579	17,114
Depreciation and amortization - consolidated assets	120,618	88,657
Depreciation and amortization - unconsolidated entities (pro rata)	15,611	20,375
Noncontrolling interests in OP	1,635	1,265
Less: Interest expense and depreciation and amortization allocable to noncontrolling interests on consolidated joint ventures	(6,179)	(8,191)
(Gain) loss on early extinguishment of debt - consolidated entities	(2,245)	358
(Gain) loss on sale or write down of assets - consolidated assets, net	(935)	1,611
Gain on remeasurement of assets - consolidated assets	(22,103)	-
Loss on sale or write down of assets - unconsolidated entities (pro rata), net	-	62
Add: Non-controlling interests share of gain on sale of consolidated assets, net	112	-
Income tax benefit	(935)	(172)
Distributions on preferred units	138	184
EBITDA (d)	\$192,193	\$185,420

Reconciliation of EBITDA to Same Centers - Net Operating Income ("NOI"):

	For the Three Months Ended March 31, Unaudited	
	2015	2014
EBITDA (d)	\$192,193	\$185,420
Add: REIT general and administrative expenses	8,422	6,877
Costs related to unsolicited takeover offer	13,572	-
Management Companies' revenues	(5,625)	(8,121)
Management Companies' operating expenses	26,468	22,772
Straight-line and above/below market adjustments to minimum rents of comparable centers	(5,237)	(2,618)
EBITDA of non-comparable centers	(15,498)	(247)
Same Centers - NOI (e)	\$214,295	\$204,083

- (d) EBITDA represents earnings before interest, income taxes, depreciation, amortization, noncontrolling interests, extraordinary items, gain (loss) on remeasurement, sale or write down of assets and preferred dividends and includes joint ventures at their pro rata share. Management considers EBITDA to be an appropriate supplemental measure to net income because it helps investors understand the ability of the Company to incur and service debt and make capital expenditures. The Company believes that EBITDA should not be construed as an alternative to operating income as an indicator of the Company's operating performance, or to cash flows from operating activities (as determined in accordance with GAAP) or as a measure of liquidity. The Company also cautions that EBITDA, as presented, may not be comparable to similarly titled measurements reported by other companies.
- (e) The Company presents same center NOI because the Company believes it is useful for investors to evaluate the operating performance of comparable centers. Same center NOI is calculated using total EBITDA and subtracting out EBITDA from non-comparable centers and eliminating the management companies and the Company's general and administrative expenses. Same center NOI excludes the impact of straight-line and above/below market adjustments to minimum rents. In both periods, same center NOI includes 100% of former joint venture properties acquired in 2014.

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/macerich-announces-quarterly-results-300074713.html>

SOURCE The Macerich Company

Tom O'Hern, 310-394-6000