Macerich Announces Third Quarter Results and a Stock Repurchase Program

November 10, 2000

SANTA MONICA, Calif., Nov. 10 /PRNewswire/ -- The Macerich Company (NYSE: MAC) today announced results of operations for the quarter ended September 30, 2000 which included the following: -- Funds from operations ("FFO") per share -- diluted increased to $.65

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    from $.64 for the third quarter of 1999 on a comparable basis.
--  Total tenant sales increased by 3.5% for the quarter ended
    September 30, 2000, compared to the quarter ended September 30, 1999.
--  During the quarter, Macerich signed new leases at average initial
    rents of $32.78 per square foot, substantially in excess of average
    portfolio minimum rents of $26.87.  First year rents on mall and
    freestanding store leases signed during the quarter were 17 % higher
    than expiring rents on a comparable space basis.
--  Portfolio occupancy increased to 92.6% from 92.3% at June 30, 2000.
--  The quarterly dividend, effective with the December 7, 2000 payment,
    was increased to $.53 per share.  This represents an annualized
    dividend yield of 10.5% based on yesterday's closing stock price of
    $20.19.
--  The Company's Board of Directors approved a stock repurchase program
    of up to 3.4 million shares.
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Effective January 1, 2000, the Company adopted Staff Accounting Bulletin Number 101 ("SAB 101") which addresses certain revenue recognition practices, including accounting for percentage rent. SAB 101 requires deferral of the recognition of percentage rent until the tenant's sales threshold has been exceeded. While annual revenue from percentage rent will not be materially impacted by this change, the majority of percentage rent will now be recognized in the third and fourth quarters of each year, rather than spread throughout the year. For the quarter ended September 30, 2000, FFO per share

- diluted increased to $.65 compared to $.64 in the third quarter of 1999, adjusted on a proforma basis to reflect SAB 101. Year-to-date FFO per share-diluted increased to $1.92 compared to $1.83 for the nine months ended September 30, 1999 after reflecting SAB 101 on a proforma basis.

Commenting on results for the quarter, Arthur Coppola, President and Chief Executive Officer of Macerich stated, "The quarter was highlighted by continuing positive trends in total tenant sales, new lease signings, occupancy levels and redevelopment activity. However, in spite of this, decelerating growth in same center EBITDA, a significant reduction in straight line minimum rent, and higher interest rates have caused our growth in the third quarter to moderate.

"Given current leverage levels, our current stock price and our view of the acquisition marketplace, we are effectively out of the acquisition business for now. It is unlikely that an acquisition could compare favorably at this time to a repurchase of Macerich stock. We expect to dispose of certain non-core assets over the coming year, which would generate net proceeds to repurchase stock and/or retire debt. A compelling case exists for deploying our capital to implement the stock repurchase program approved yesterday by the Macerich Board of Directors. We expect this program to be leverage neutral over the coming year. In this market, we view the repurchase of our stock as the most attractive opportunity we can pursue to deliver stockholder value. Our long-term view of our prospects for growth in our portfolio remain positive and strong."

Operating Results for the Quarter Ended September 30, 2000

Total revenues were $76.9 million for the quarter, compared to $83.2 million for the quarter ended September 30, 1999 and $228.5 million for the nine months ended September 30, 2000 compared to $242.8 million for the same period in 1999. The decreases were primarily due to selling a 49% interest in Lakewood Mall and Stonewood Mall in October 1999. The results from the remaining 51% interest is now reported in pro rata income of unconsolidated entities, which increased to $7.4 million for the quarter compared to $6.1 million for the quarter ended September 30, 1999. The pro rata income of unconsolidated entities increased to $20.5 million for the nine months ended September 30, 2000 compared to $16.7 million for the nine months ended September 30, 1999. Included in revenues are rents attributable to the accounting practice of straight lining of rents. The amount of straight lined rents, including joint ventures at pro rata, decreased to $517,000 in the quarter compared to $1,441,000 during the quarter ended September 30, 1999. This decrease resulted primarily from the Company structuring the majority of its new leases using annual CPI increases, which generally do not require straight lining treatment. This approach of using CPI increases results in revenue recognition that more closely matches the cash flow from the lease and provides more consistent rent growth throughout the life of the lease.

Same center earnings before interest, taxes, depreciation and amortization, including joint ventures at pro rata, ("EBITDA") grew at a 2.05% pace in the quarter ended September 30, 2000. Excluding straight lining of rents, same center EBITDA increased by 3.65% compared to the third quarter of 1999.

For the quarter ended September 30, 2000, FFO-diluted was $38.8 million compared to $40.9 million during the third quarter of 1999. For the nine months ended September 30, 2000, FFO-diluted was $114.9 million compared to $118.4 million for the first nine months of 1999. Net income available to common stockholders for the quarter was $7.2 million compared to $9.1 million for the third quarter of 1999 and net income per share diluted was

$.21 compared to $.27 in the third quarter of 1999. Net income available to common stockholders for the nine months ended September 30, 2000 was $21.1 million or $.62 per share compared to $27.0 million or $.79 per share for the nine months ended September 30, 1999.

Highlights

- During the quarter, approximately 290,000 square feet of leases were signed for mall and freestanding space. The average rent on new leases was $32.78 per square foot, 22% greater than average portfolio minimum rents. On a comparable space basis, new leases were signed at rents approximately 17% higher than expiring rents.
- Total same center sales for the quarter increased 3.6% over the third quarter of 1999 and 3.7% for the nine months ended September 30, 2000, compared to the same period in 1999.
- The $90 million redevelopment of Pacific View Mall in Ventura, California, which included the demolition of a one level mall and the building of a two level, four anchor mall, now has 89% of the mall space leased. The mall store lineup includes: Abercrombie and Fitch, Ann Taylor Loft, Gap/Body Gap, Baby Gap/Gap Kids, Bath and Body Works, Chicos, plus recent additions Old Navy and California Pizza Kitchen.
- At Lakewood Mall, the first new Macy's store ever built in Southern California had its grand opening on November 4, 2000. In addition the $30 million redevelopment included the relocation of Mervyn's to a new store that opened in August and the development of an additional 60,000 square feet of shop space, which is expected to be completed in May 2001.
- At Chesterfield Towne Center a new 145,000 square foot J.C. Penney store opened on October 28, 2000. J.C. Penney is the mall's fifth anchor.
- On November 9, 2000, the Company declared an increased quarterly dividend of $.53 per share on its common and preferred stock, payable on December 7, 2000 to stockholders of record on November 17, 2000. This was a 4% increase over the prior quarterly dividend. The Company has increased its dividend each year since becoming a public company in 1994.

Refinancing Activity

In August 2000, a $70 million, 10 year, fixed rate loan bearing interest at 7.89% was placed on Vintage Faire Mall. This loan replaced the former $53 million 7.7% interest rate loan.

In October 2000, an $85 million, 10 year fixed rate loan with interest at 7.7% was placed on Santa Monica Place. This loan repaid the prior loan of $85 million, which was scheduled to mature in February 2001, which had a floating interest rate of LIBOR plus 1.75%.

A $75 million fixed rate loan on Stonewood Mall is scheduled to close in late November. The proceeds will be used to payoff the existing $75 million loan that bears interest at a floating rate of LIBOR plus 1.75%.

Financial Outlook

The following statements are based on our current expectations and are subject to the forward-looking statement caveat that appears below.

Management expects fourth quarter 2000 same center EBITDA, excluding the seasonal impact of temporary tenant leasing and percentage rent, to grow at a comparable pace with the third quarter of 2000. Management also expects that, based on current tenant sales trends, the modest same center EBITDA growth and an overall average interest rate that is 40 basis points higher than a year ago, fourth quarter 2000 FFO growth will moderate. Accordingly, management estimates that the fourth quarter 2000 FFO per share will be $.90. The Company plans to publish additional forward-looking statements during the fourth quarter that may help investors estimate earnings for 2001.

The Macerich Company is a fully integrated self-managed and self-administered real estate investment trust, which focuses on the acquisition and redevelopment of regional malls and community centers throughout the United States. The Company is the sole general partner and owns an 80% ownership interest in The Macerich Partnership, L.P. Macerich owns interests in 46 regional malls and five community centers totaling over 41.5 million square feet. Additional information about The Macerich Company can be obtained from the Company's web site at www.macerich.com.

Investor Conference Call

The Company will provide an online Web simulcast and rebroadcast of its third quarter earnings conference call. The call will be available on The Macerich Company's website at www.macerich.com, through Vcall at www.vcall.com, through Street Events at www.streetevents.com and StreetFusion at www.streetfusion.com. The call begins today, November 10, at 1:30 Pacific Daylight Time. To listen to the call, please go to any of these web sites at least 15 minutes prior to the call in order to register and download audio software if needed. An online replay will be available for 90 days after the call.

Note: This release contains statements that constitute forward-looking statements. 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 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, lease rates and terms, availability 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, acquisitions and dispositions; governmental actions and initiatives; and environmental and safety requirements. The reader is directed to the Company's various filings with the Securities and Exchange Commission, for a discussion of such risks and uncertainties.

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

	for the three months ended September 30		for the nine months ended September 30	
Results of Operations:	(UNAUDITED)			
	2000	1999	2000	1999
Minimum Rents	47,839	51,569	142,920	153,474
Percentage Rents (a)	2,154	3,446	5,156	10,595
Tenant Recoveries	24,891	25,509	74,329	72,785
Other Income	2,053	2,720	6,091	5,914
Total Revenues	76,937	83,244	228,496	242,768
Shopping Center Expenses	25,122	25,316	73,231	72,537
Depreciation and amortization	15,064	15,896	44,632	46,435
General, administrative and other expenses	851	1,240	4,032	4,083
Interest expense	26,962	29,813	82,061	85,168
Gain (loss) on sale of assets	(1,189)	162	(1,297)	162
Pro rata income of unconsolidated entities (c)	7,353	6,059	20,461	16,692
Income before minority interest & extraordinary items	15,102	17,200	43,704	51,399
Extraordinary loss on early extinguishment of debt	984	29	984	1,016
Cumulative effect of change in accounting principle (a)	0	0	(963)	0
Income of the Operating Partnership	14,118	17,171	41,757	50,383
Income allocated to minority interests	2,301	3,307	6,722	9,795
Dividends earned by preferred stockholders	4,648	4,739	13,945	13,580
Net income - available to common stockholders	7,169	9,125	21,090	27,008
Average # of shares outstanding - basic	34,162	34,044	34,134	33,987
Average shares outstanding, - basic, assuming full conversion of OP Units (d)	45,107	46,318	45,084	46,286
Average shares outstanding - diluted for FFO (d) (e)	59,915	61,154	59,822	61,055
Per share Income before cumulative effect of change in accounting principle and extraordinary item - diluted	$0.23	$0.27	$0.66	$0.81
Net income per share - basic	$0.21	$0.27	$0.62	$0.79
Net income per share - diluted	$0.21	$0.27	$0.62	$0.79
Dividend declared per share	$0.510	$0.485	$1.530	$1.455
Funds from operations				

"FFO" (b) (d)- basic	$30,630	$32,477	$90,088	$94,261
Funds from operations "FFO" (b) (d) (e) - diluted	$38,830	$40,924	$114,879	$118,436
FFO per share - basic (b) (d)	$0.679	$0.701	$1.998	$2.036
FFO per share - diluted (b) (d) (e)	$0.648	$0.669	$1.920	$1.940
Proforma FFO per share - diluted assuming the accounting change for % rent was effective January 1, 1999: proforma impact of SAB 101 (a)	n/a	($0.029)	n/a	($0.114)
Proforma FFO per share - diluted	$0.65	$0.64	$1.92	$1.83
% change in proforma FFO - diluted	1.23%		5.18%	

(a) Effective January 1, 2000, in accordance with Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements," the Company changed its method of accounting for percentage rents. The new accounting method has the impact of deferring percentage rent from the first, second and third quarters into the fourth quarter. The cumulative effect of this change in accounting treatment at the adoption date of January 1, 2000 was $963 for the wholly owned assets and $786 for joint ventures on a pro rata basis, which in accordance with GAAP, was written off as a cumulative change in accounting principle. For comparative purposes, the results for the three and nine months ended September 30, 1999 were restated on a proforma basis to reflect this accounting change. The proforma impact on the third quarter of 1999 was -$.0293 per diluted share and -$.1143 per diluted share for the nine months ended September 30, 1999.

(b) Funds from Operations ("FFO") is defined as: "net income (computed in accordance with GAAP) excluding gains or losses from debt restructuring and sales of property, plus depreciation and amortization (excluding depreciation on personal property and amortization of loan and financial instrument cost) and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities are calculated on the same basis." In accordance with the National Association of Real Estate Investment Trusts' (NAREIT) white paper on Funds from Operations, dated October, 1999, excluded from FFO are the earnings impact of cumulative effects of accounting changes and results of discontinued operations, both as defined by GAAP.

(c) This includes the Company's pro rata share of the equity in income or loss of its unconsolidated joint ventures and the Management companies, all of which are accounted for using the equity method of accounting.

(d) The Company has operating partnership units ("OP units"). Each OP unit can be converted into a share of Company stock. Conversion of the OP units has been assumed for purposes of calculating the FFO per share and the weighted average number of shares outstanding.

(e) The Company issued $161.4 million of convertible debentures in June and July, 1997. The debentures are convertible into common shares at a conversion price of $31.125 per share. On February 25, 1998 the Company sold $100 million of convertible preferred stock and on June 17, 1998 another $150 million of convertible preferred stock was issued. The convertible preferred shares can be converted on a 1 for 1 basis for common stock. These preferred shares are not assumed converted for purposes of net income per share as it would be antidilutive to that calculation. The weighted average preferred shares outstanding are assumed converted for purposes of FFO per share as they are dilutive to that calculation. Also included in diluted net income per share and FFO per share is the effect of stock options and restricted stock, calculated using the treasury method.

Summarized Balance Sheet Information	Sept. 30 2000	Dec 31 1999
	(UNAUDITED)	
Cash and cash equivalents	35,799	40,455
Investment in real estate, net	1,924,403	1,931,415
Total Assets	2,312,987	2,404,293
Mortgage and notes payable	1,356,710	1,399,727
Convertible debentures	161,400	161,400

Additional financial data as of:	Sept. 30 2000	Sept. 30 1999
Occupancy of centers (f)	92.60%	92.60%
Comparable quarter increase in same center sales (f) (g)	3.50%	3.40%

(f) excludes redevelopment properties -- Pacific View Mall, Crossroads Mall -- Boulder, and Parklane Mall

(g) includes mall and freestanding stores

RECONCILIATION OF NET INCOME TO FFO (UNAUDITED)	for the three months ended September 30		for the nine months ended September 30	
	2000	1999	2000	1999
Net income - available to common stockholders	7,169	9,125	21,090	27,008
Adjustments to reconcile net income to FFO-basic				
Minority interest	2,301	3,307	6,722	9,795
Loss on early extinguishment of debt	984	29	984	1,016
(Gain) loss on sale of wholly owned assets	1,189	(162)	1,297	(162)
(Gain) loss on sale or write-down of assets from unconsolidated entities (pro rata)	(1,176)	76	(763)	(398)
Depreciation and amortization on wholly owned centers	15,064	15,896	44,632	46,435
Depreciation and amortization on joint ventures and from the management companies (pro rata)	6,550	5,626	18,186	14,091
Cumulative effect of change in accounting - wholly owned assets	0	0	963	0
Cumulative effect of change in				

accounting - pro rata joint ventures	0	0	787	0
Less: depreciation on personal property and amortization of loan costs and interest rate caps	(1,451)	(1,420)	(3,810)	(3,524)
Total FFO - basic	30,630	32,477	90,088	94,261
Weighted average shares outstanding - basic (d)	45,107	46,318	45,084	46,286
Additional adjustment to arrive at FFO-diluted Interest expense and amortization of loan costs on the debentures (e)	3,162	3,178	9,454	9,454
Preferred stock dividends earned	4,648	4,739	13,945	13,580
Effect of employee/ director stock incentive plan	390	530	1,392	1,141
FFO - diluted	38,830	40,924	114,879	118,436
Weighted average shares outstanding - diluted (d)(e)	59,915	61,154	59,822	61,055

SOURCE The Macerich Company

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