



## Macerich Announces Quarterly Results And 2016 Earnings Guidance

February 3, 2016

SANTA MONICA, Calif., Feb. 3, 2016 /PRNewswire/ -- The Macerich Company (NYSE Symbol: MAC) today announced results of operations for the quarter ended December 31, 2015, which included funds from operations ("FFO") diluted of \$187.3 million or \$1.12 per share-diluted compared to \$158.8 million or \$.99 per share-diluted for the quarter ended December 31, 2014. Net income attributable to the Company was \$415 million or \$2.65 per share-diluted for the quarter ended December 31, 2015 compared to net income attributable to the Company for the quarter ended December 31, 2014 of \$1.43 billion or \$9.51 per share-diluted. Included in net income in the fourth quarter of 2015 results is a \$311 million or \$1.86 per share gain on selling joint venture interests in four malls during the quarter. Included in net income in the 2014 fourth quarter results is a \$1.4 billion or \$8.88 per share gain on re-measurement resulting from the buyout of partner interests in five malls during the quarter. 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 8.2% for the year ended December 31, 2015 to \$635 compared to \$587 for the year ended December 31, 2014. On a same center basis, annual sales per square foot increased to \$635 for the year ended December 31, 2015, up from \$590 for the year ended December 31, 2014.
- The releasing spreads for the year ended December 31, 2015 were up 14.2%.
- Mall portfolio occupancy was 96.1% at December 31, 2015 compared to 95.8% at December 31, 2014.
- In October, 2015 and January 2016, the Company closed on joint ventures totaling \$5.4 billion with two institutional investors. Cash proceeds to the Company from the joint ventures and related financings totaled \$2.3 billion.
- On January 4, 2016 the Company announced it was entering into a 50/50 joint venture to buy Country Club Plaza in Kansas City, Mo. The Company's pro rata share of the purchase price is \$330 million.

"The fourth quarter reflected continued operational excellence, as evidenced by the strength of our portfolio's key operating metrics, and a high level of value-creative activities, including the successful execution of our strategic joint venture transactions, the completion of a number of highly attractive re-financings which further enhanced our balance sheet, and the reinvestment of capital into our best assets, both through the funding of our redevelopment pipeline and through stock buybacks," said Arthur Coppola, chairman and chief executive officer of Macerich. "The ongoing capital recycling and re-financing efforts which helped drive our success in 2015 have left the Company well positioned to capitalize on the opportunities of 2016 and beyond."

### Developments:

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 is opening in phases with the first stores having opened in November, 2015. The majority of the new retail space will open in summer 2016. A total of 45 new stores have been announced including two level, flagship stores for Arhaus, H&M, The Gap and Zara. A partial list of other announced tenants includes: Aritzia, Athleta, J. Crew, Kiehl's, Kit & Ace, Lou & Grey, lululemon athletica, Madewell, Michael Kors, Nespresso, NYX, SoulCycle, Tesla, Tommy Bahama, True Food Kitchen, Vince Camuto, and Victoria's Secret.

At Santa Monica Place, a new ArcLight Cinema and Cheesecake Factory both opened in November on the third level above Bloomingdales.

At Green Acres Mall, a \$110 million development of a 335,000 square foot power center is underway. The project is anchored by a Dick's Sporting Goods and includes other big box retailers and outparcels. The project is 85% pre-leased and completion is expected in fall 2016.

### Joint Ventures, Special Dividends and Stock Repurchase

In October, 2015 and January, 2016 the Company closed on previously announced joint ventures that included contributing eight properties, valued at \$5.4 billion (at 100%), into separate joint ventures with GIC (40% interest in five assets) and Heitman (49% interest in three assets). Cash proceeds to Macerich from the transactions totaled \$2.3 billion, which included \$1.1 billion of excess financing proceeds. Part of the cash proceeds from the joint ventures was used in December, 2015 and January, 2016 to pay two special dividends of \$2.00 each.

In addition, the Company has used a portion of the joint venture proceeds to complete \$400 million of share repurchases under the Company's recently authorized \$1.2 billion share repurchase program. During a period from November 13, 2015 to January 19, 2016 the Company repurchased 5.11 million shares of Macerich common stock at an average share price of \$78.26.

### Financing Activity:

Prior to the joint venture closings mentioned above, the Company placed fixed rate loans on five of the assets; the details are listed below:

| Property               | Loan Closing  | New loan amount | Interest rate on new loan | Term     |
|------------------------|---------------|-----------------|---------------------------|----------|
| Arrowhead Towne Center | January, 2016 | \$400,000,000   | 4.05%                     | 12 Years |
| Los Cerritos Center    | October, 2015 | \$525,000,000   | 4.00%                     | 12 Years |
| South Plains Mall      | October, 2015 | \$200,000,000   | 4.22%                     | 10 Years |
| Twenty Ninth Street    | January, 2016 | \$150,000,000   | 4.10%                     | 10 Years |
| Washington Square      | October, 2015 | \$550,000,000   | 3.65%                     | 7 Years  |

Total \$1,825,000,000 3.94% 10.1 Years

#### 2016 Earnings Guidance:

Management is providing diluted EPS and FFO per share guidance for 2016. A reconciliation of estimated EPS to FFO per share-diluted follows:

|   | <u>2016 range</u>      |
|---|------------------------|
| Diluted EPS                                     | \$3.73 - \$3.83        |
| Plus: real estate depreciation and amortization | 3.07 - 3.07            |
| Less: gain on sale of dispositions              | <u>2.75 - 2.75</u>     |
| Diluted FFO per share                           | <u>\$4.05 - \$4.15</u> |

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 50 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](http://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](http://www.macerich.com) (Investors Section). The call begins Thursday February 4, 2016 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](http://www.macerich.com) (Investors 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](http://www.macerich.com) in the Investors 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.

(See attached tables)

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

#### Results of Operations:

Revenues:  
Minimum rents  
Percentage rents  
Tenant recoveries  
Other income  
Management Companies' revenues

Total revenues

| For the Three Months Ended December 31, |           | For the Twelve Months Ended December 31, |           |
|---|-----------|--|-----------|
| Unaudited                               |           | Unaudited                                |           |
| 2015                                    | 2014      | 2015                                     | 2014      |
| \$181,528                               | \$182,323 | \$759,603                                | \$633,571 |
| 13,877                                  | 15,055    | 25,693                                   | 24,350    |
| 97,500                                  | 96,210    | 415,129                                  | 361,119   |
| 18,669                                  | 20,588    | 61,470                                   | 52,226    |
| 9,184                                   | 8,733     | 26,254                                   | 33,981    |
| 320,758                                 | 322,909   | 1,288,149                                | 1,105,247 |

|   |           |             |           |             |
|---|-----------|-------------|-----------|-------------|
| Expenses:   |           |             |           |             |
| Shopping center and operating expenses  | 89,324    | 95,922      | 379,815   | 353,505     |
| Management Companies' operating expenses  | 24,621    | 23,239      | 92,340    | 88,424      |
| REIT general and administrative expenses  | 7,210     | 12,073      | 29,870    | 29,412      |
| Costs related to unsolicited takeover offer   | -         | -           | 25,204    | -           |
| Depreciation and amortization   | 107,035   | 112,517     | 464,472   | 378,716     |
| Interest expense  | 48,805    | 50,748      | 211,943   | 190,689     |
| (Gain) loss on extinguishment of debt, net  | (878)     | 9,146       | (1,487)   | 9,551       |
| Total expenses  | 276,117   | 303,645     | 1,202,157 | 1,050,297   |
| Equity in income of unconsolidated joint ventures   | 16,979    | 16,019      | 45,164    | 60,626      |
| Co-venture expense (a)  | (3,907)   | (3,315)     | (11,804)  | (9,490)     |
| Income tax benefit  | 1,146     | 510         | 3,223     | 4,269       |
| Gain on sale or write down of assets, net   | 385,326   | 74,944      | 378,248   | 73,440      |
| Gain on remeasurement of assets   | -         | 1,423,136   | 22,089    | 1,423,136   |
| Net income  | 444,185   | 1,530,558   | 522,912   | 1,606,931   |
| Less net income attributable to noncontrolling interests  | 29,226    | 101,337     | 35,350    | 107,889     |
| Net income attributable to the Company  | \$414,959 | \$1,429,221 | \$487,562 | \$1,499,042 |
| Average number of shares outstanding - basic  | 156,325   | 149,924     | 157,916   | 143,144     |
| Average shares outstanding, assuming full conversion of OP Units (b)  | 166,902   | 160,026     | 168,478   | 153,224     |
| Average shares outstanding - Funds From Operations ("FFO") - diluted (b)  | 167,028   | 160,241     | 168,622   | 153,371     |
| Net income per share - basic  | \$2.65    | \$9.52      | \$3.08    | \$10.46     |
| Net income per share - diluted  | \$2.65    | \$9.51      | \$3.08    | \$10.45     |
| Dividend declared per share   | \$4.68    | \$0.65      | \$6.63    | \$2.51      |
| FFO - basic (b) (c)   | \$187,269 | \$158,848   | \$642,268 | \$542,754   |
| FFO - diluted (b) (c)   | \$187,269 | \$158,848   | \$642,268 | \$542,754   |
| FFO - diluted, excluding extinguishment of debt and costs related to unsolicited takeover offer (b) (c)           | \$186,391 | \$167,994   | \$665,985 | \$552,305   |
| FFO per share - basic (b) (c)   | \$1.12    | \$0.99      | \$3.81    | \$3.54      |
| FFO per share - diluted (b) (c)   | \$1.12    | \$0.99      | \$3.81    | \$3.54      |
| FFO per share - diluted, excluding extinguishment of debt and costs related to unsolicited takeover offer (b) (c) | \$1.12    | \$1.05      | \$3.95    | \$3.60      |

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

- (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):**

Net income attributable to the Company

Adjustments to reconcile net income attributable to the Company to FFO - basic and diluted:

Noncontrolling interests in OP  
Gain on sale or write down of consolidated assets, net  
Gain on remeasurement of consolidated assets  
plus gain on undepreciated asset sales - consolidated assets  
plus non-controlling interests share of gain on sale or write down of consolidated joint ventures, net  
(Gain) loss on sale or write down of assets from unconsolidated joint ventures (pro rata), net  
plus gain on undepreciated asset sales - unconsolidated joint ventures (pro rata)  
Depreciation and amortization on consolidated assets  
Less depreciation and amortization allocable to noncontrolling interests on consolidated joint ventures  
Depreciation and amortization on unconsolidated joint ventures (pro rata)  
Less: depreciation on personal property

Total FFO - basic and diluted

(Gain) loss on extinguishment of debt, net - consolidated assets

Total FFO - diluted, excluding extinguishment of debt

Add: Costs related to unsolicited takeover offer

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

| For the Three Months<br>Ended December 31, |             | For the Twelve Months<br>Ended December 31, |             |
|--|-------------|---|-------------|
| Unaudited                                  |             | Unaudited                                   |             |
| 2015                                       | 2014        | 2015  | 2014        |
| \$414,959                                  | \$1,429,221 | \$487,562                                   | \$1,499,042 |
| 27,775                                     | 100,594     | 32,615                                      | 105,584     |
| (385,326)                                  | (74,944)    | (378,248)                                   | (73,440)    |
| -  | (1,423,136) | (22,089)                                    | (1,423,136) |
| 382  | 477         | 1,326                                       | 1,396       |
| 369  | 185         | 481   | 146         |
| (3,111)                                    | (2,528)     | (4,392)                                     | 1,237       |
| 3,109                                      | 2,621       | 4,395                                       | 2,621       |
| 107,035                                    | 112,517     | 464,472                                     | 378,716     |
| (3,727)                                    | (4,419)     | (14,962)                                    | (20,700)    |
| 28,848                                     | 21,244      | 84,160                                      | 82,570      |
| (3,044)                                    | (2,984)     | (13,052)                                    | (11,282)    |
| 187,269                                    | 158,848     | 642,268                                     | 542,754     |
| (878)                                      | 9,146       | (1,487)                                     | 9,551       |
| 186,391                                    | 167,994     | 640,781                                     | 552,305     |
| -  | -           | 25,204                                      | -           |
| \$186,391                                  | \$167,994   | \$665,985                                   | \$552,305   |

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

Earnings per share - diluted

Per share impact of depreciation and amortization of real estate

Per share impact of gain on remeasurement, sale or write down of assets, net

FFO per share - diluted

Per share impact of loss (gain) on extinguishment of debt, net

Per share impact of costs related to unsolicited takeover offer

FFO per share - diluted, excluding extinguishment of debt and costs related to unsolicited takeover offer

| For the Three Months<br>Ended December 31, |        | For the Twelve Months<br>Ended December 31, |         |
|--|--------|---|---------|
| Unaudited                                  |        | Unaudited                                   |         |
| 2015                                       | 2014   | 2015  | 2014    |
| \$2.65                                     | \$9.51 | \$3.08                                      | \$10.45 |
| 0.77                                       | 0.79   | 3.09  | 2.81    |
| (2.30)                                     | (9.31) | (2.36)                                      | (9.72)  |
| \$1.12                                     | \$0.99 | \$3.81                                      | \$3.54  |
| 0.00                                       | 0.06   | (0.01)                                      | 0.06    |
| 0.00                                       | 0.00   | 0.15  | 0.00    |
| \$1.12                                     | \$1.05 | \$3.95                                      | \$3.60  |

**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<br>Ended December 31, |      | For the Twelve Months<br>Ended December 31, |      |
|--|------|---|------|
| Unaudited                                  |      | Unaudited                                   |      |
| 2015                                       | 2014 | 2015  | 2014 |

Net income attributable to the Company

|   |           |             |           |             |
|---|-----------|-------------|-----------|-------------|
|   | \$414,959 | \$1,429,221 | \$487,562 | \$1,499,042 |
| Interest expense - consolidated assets  | 48,805    | 50,748      | 211,943   | 190,689     |
| Interest expense - unconsolidated joint ventures (pro rata)   | 14,932    | 12,165      | 39,622    | 61,971      |
| Depreciation and amortization - consolidated assets   | 107,035   | 112,517     | 464,472   | 378,716     |
| Depreciation and amortization - unconsolidated joint ventures (pro rata)  | 28,848    | 21,244      | 84,160    | 82,570      |
| Noncontrolling interests in OP  | 27,775    | 100,594     | 32,615    | 105,584     |
| Less: Interest expense and depreciation and amortization allocable to noncontrolling interests on consolidated joint ventures | (6,085)   | (6,871)     | (24,401)  | (31,960)    |
| (Gain) loss on extinguishment of debt, net - consolidated assets  | (878)     | 9,146       | (1,487)   | 9,551       |
| Gain on sale or write down of assets - consolidated assets, net   | (385,326) | (74,944)    | (378,248) | (73,440)    |
| Gain on remeasurement of assets - consolidated assets   | -         | (1,423,136) | (22,089)  | (1,423,136) |
| (Gain) loss on sale or write down of assets - unconsolidated joint ventures (pro rata), net                                   | (3,111)   | (2,528)     | (4,392)   | 1,237       |
| Add: Non-controlling interests share of gain on sale of consolidated assets, net  | 369       | 185         | 481       | 146         |
| Income tax benefit  | (1,146)   | (510)       | (3,223)   | (4,269)     |
| Distributions on preferred units  | 759       | 159         | 1,174     | 710         |
| EBITDA (d)  | \$246,936 | \$227,990   | \$888,189 | \$797,411   |

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

|  | For the Three Months Ended December 31, |           | For the Twelve Months Ended December 31, |           |
|--|---|-----------|--|-----------|
|  | Unaudited                               |           | Unaudited                                |           |
|  | 2015                                    | 2014      | 2015                                     | 2014      |
| EBITDA (d)                                       | \$246,936                               | \$227,990 | \$888,189                                | \$797,411 |
| Add: REIT general and administrative expenses    | 7,210                                   | 12,073    | 29,870                                   | 29,412    |
| Costs related to unsolicited takeover offer      | -                                       | -         | 25,204                                   | -         |
| Management Companies' revenues                   | (9,184)                                 | (8,733)   | (26,254)                                 | (33,981)  |
| Management Companies' operating expenses         | 24,621                                  | 23,239    | 92,340                                   | 88,424    |
| Straight-line and above/below market adjustments | (6,920)                                 | (6,907)   | (27,950)                                 | (18,357)  |
| NOI - All Centers                                | 262,663                                 | 247,662   | 981,399                                  | 862,909   |
| NOI of non-comparable centers                    | (27,301)                                | (26,425)  | (81,708)                                 | (17,982)  |
| NOI - Same Centers (e)                           | \$235,362                               | \$221,237 | \$899,691                                | \$844,927 |

(d)EBITDA represents earnings before interest, income taxes, depreciation, amortization, noncontrolling interests, extraordinary items, loss (gain) on remeasurement, sale or write down of assets, loss (gain) on extinguishment of debt 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 and costs related to unsolicited takeover offer. Same center NOI excludes the impact of straight-line and above/below market adjustments to minimum rents.

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SOURCE The Macerich Company

Jean Wood, VP of Investor Relations, 310-394-6000