The Macerich Company Announced Per Share Funds From Operations (FFO) - Diluted For Second Quarter Of 1998 Increased 18% Compared To The Second Quarter Of 1997

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SANTA MONICA, CA. , (8/11/98) The Macerich Company, (NYSE Symbol: MAC) today announced per share funds from operations (FFO) -diluted for the second quarter of 1998 increased 18% compared to the second quarter of 1997. Management attributes the strong performance to the 4% increase in the core portfolioís rental income and to the properties acquired in late 1997 and 1998.

Financial Results

For the quarter ended June 30, 1998, FFO-diluted increased 32% to $26.4 million from $20.0 million for the second quarter of 1997. On a per share basis, FFO-diluted was $.552 compared to $.467 in 1997, assuming the accounting adjustments discussed below were implemented in the second quarter of 1997.

For the six months ended June 30, 1998, FFO-diluted increased 26% to $49.8 million from $39.6 million. On a per share basis, FFO-diluted was $1.11 compared to $.98 for the comparable period in 1997, assuming that the accounting changes discussed below were implemented in the second quarter of 1997.

During the quarter, 294,000 square feet of mall and freestanding store leases were signed at initial rents of $26.57, approximately 11% higher than expiring rents. The occupancy level at June 30, 1998, excluding redevelopment properties, was 92%, which compared favorably to the 89.6% occupancy level for those properties at June 30, 1997.

Total same center sales increased 6.8% compared to the second quarter of 1997. Total same center sales for the six months ended June 30, 1998 were 7.4% higher than total same center sales during the comparable period in 1997.

Financial Results - continued

Commenting on the results for the second quarter, Arthur Coppola, President and Chief Executive Officer of Macerich stated, "This is the tenth consecutive quarter of double digit growth in per share FFO- diluted, compared to the same quarter in the prior year on a comparable basis. In addition, the business fundamentals are excellent. We had very strong same center sales growth, and strong occupancy gains. Also, we had strong internal growth with approximately one-half of the per share FFO growth being fueled by increases in same center rents."

Other Significant Events

Subsequent to the end of the first quarter, the Company:

- Acquired South Plains Mall, a 1,107,000 square foot super-regional mall in Lubbock Texas. The mall is anchored by Dillards, Sears, JC Penney and Mervynís. Mall store sales are approximately $300 per square foot. The main mall occupancy level is approximately 92%.
- Acquired Westside Pavilion, a 750,000 square foot super-regional mall located in the upscale West Los Angeles area. The main mall is anchored by Nordstrom and Robinson- May, is 98% occupied and has mall store sales of approximately $360 per square foot.
- Acquired The Village at Corte Madera, a 428,000 square foot regional mall in Corte Madera, California. The mall is anchored by Nordstrom and Macyís and generates over $200 million in annual retail sales, with mall store sales of approximately $470 per square foot. The mall is approximately 96% occupied.
- Acquired Carmel Plaza, a 115,000 square foot center in Carmel, California anchored by Saks Fifth Avenue. The center is 98.3% occupied with specialty store sales of approximately $350 per square foot.
- Placed a $100 million, ten year, fixed rate loan on Westside Pavilion at an effective interest rate of 6.65%.

- Refinanced the debt on Fresno Fashion Fair with a ten year, $69 million, fixed rate loan bearing interest at 6.52%.
- Refinanced the debt on Broadway Plaza with a $75 million, ten year, fixed rate loan bearing interest at 6.68%.
- Announced a $150 million strategic capital investment by the Ontario Teachersí Pension Plan. This was a private placement of preferred stock, the proceeds of which were used to acquire South Plains Mall and Westside Pavilion.

In the past 12 months, The Macerich Company has acquired interests in 20 retail centers, totaling 17 million square feet. The company now owns interests in 41 regional malls and 5 community centers totaling 35 million square feet. Acquisitions completed by Macerich in the past year totaled approximately $1.2 billion.

During 1998, there were two interpretations by the Emerging Issues Task Force (EITF), of the Financial Accounting Standards Board (FASB), that impacted the second quarter 1998 results. Prior year results were not required to be restated, however, the proforma impact of these changes, had they been adopted on April 1, 1997, have been reflected on the attached table for comparative purposes. The first interpretation was EITF 97-11 "Accounting for Internal Costs Relating to Real Estate Property Acquisitions". This interpretation requires that internal acquisition costs be expensed. The previous practice under generally accepted accounting principles was to capitalize these costs. This interpretation, which was effective March 19, 1998, reduced per share FFO-diluted by approximately $.017 during the second quarter of 1998. If this had been applied retroactively to the second quarter of 1997, per share FFO-diluted would have been reduced by $.013 In addition, during the second quarter, the FASB issued EITF 98-9, which modifies the timing for recognition of revenue for percentage rent received from tenants. The impact of this change was to defer approximately $.037 of per share FFO-diluted from the second quarter to the fourth quarter. The company applied this accounting change as of April 1, 1998. The company does not expect EITF 98-9 will have an impact on the annual operating results, but it will reduce the percentage rent recognized in the second and third quarters and increase the fourth quarter by approximately the same amount. If this interpretation had been applied retroactively to the second quarter of 1997, per share FFO-diluted would have been reduced by $.04.

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 a 77% ownership interest in The Macerich Partnership, L.P. Additional information about The Macerich Company can be obtained on the companyís web site at www.macerich.com.

(See attached tables)

(a) 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." Percentage change in FFO per share is based on a comparison to the same period in 1997.

(b) Effective April 1, 1998, there was an accounting change (EITF 98-9) mandated by the Financial Accounting Standard Board which modifies the timing on recognition of revenue for percentage rent received from tenants. Although the Company believes that this change will have no material impact on the annual percentage rent recognized, the accounting change had the effect of deferring $1,792 of percentage rent (or $.037 per diluted share) that would have been recognized using the former GAAP accounting method for percentage rent recognition. (c) Effective March 19, 1998 the Financial Accounting Standards Board adopted EITF # 97-11 entitled "Accounting for Internal Costs Relating to Real Estate Property Acquisitions". This accounting interpretation requires internal acquisition costs to be expensed, previously these costs had been capitalized. This new accounting interpretation had the effect of increasing operating expenses and reducing income before extraordinary items and FFO by $806 or $.017 per share- diluted during the second quarter of 1998.

(d) This includes the Company's prorata 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.

(e) 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.

(f) 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. Conversion is not reflected for calculation of FFO per share or net income per share as the conversion would be antidilutive. 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 issue. The convertible preferred shares can be 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.

(g) This reflects the impact of the accounting changes discussed in footnotes (b) and (c) above on a proforma basis for 1997 assuming that the accounting changes were effective as of April 1, 1997.