Macerich Announces Second Quarter Results

August 10, 2001

SANTA MONICA, Calif., Aug. 10 /PRNewswire/ -- The Macerich Company (NYSE: MAC) today announced results of operations for the quarter and six months ended June 30, 2001 which included the following:

- Funds from operations ("FFO") per share - diluted increased to $.66 from $.64 for the second quarter of 2000 and FFO per share-diluted for the six months ended June 30, 2001 was $1.31 compared to $1.27 for the comparable period in 2000.
- During the quarter, Macerich signed 331,000 square feet of specialty store leases at average initial rents of $30.55 per square foot. First year rents on mall and freestanding store leases signed during the quarter were 27% higher than expiring rents on a comparable space basis.
- Portfolio occupancy remained high at 92.4% compared to 92.3% at June 30, 2000.
- During the quarter, same center net operating income grew at a 3.5% rate.
- Annual tenant sales per square foot for the year ended June 30, 2001 were $354, up 1.3% from a year earlier.

Commenting on the results for the quarter, Arthur Coppola, President and Chief Executive Officer of Macerich stated, "The quarter was highlighted by good leasing activity and stable occupancy levels. During the quarter, releasing spreads, on a comparable space basis, were up very significantly. In light of a difficult economic climate and slowing retail sales, our portfolio performed well as evidenced by the 3.5% same center growth in net operating income. If the non-cash impact of straight lining of rent were excluded, growth was 4.7%. We also completed or committed to a number of financing transactions which will further strengthen our balance sheet."

Operating Results for the Quarter and Six Months Ended June 30, 2001

Total revenues were $80.7 million for the quarter, compared to $76.3 million for the quarter ended June 30, 2000 and for the six months ended June 30, 2001 total revenues were $158.4 million compared to $151.6 million in the same period in 2000. The pro rata income of unconsolidated entities was $6.6 million for the quarter ended June 30, 2001 compared to $6.4 million for the same period in 2000 and $12.7 million for the six months ended June 30, 2001 compared to $13.1 million in the comparable period in 2000. 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 $147,000 in the quarter compared to $994,000 during the quarter ended June 30, 2000. During the six months ended June 30, 2001 straight lined rents were $641,000 compared to $1.8 million in the comparable period in 2000. 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 net operating income, including the prorata share of joint ventures, increased by 3.5% during the quarter ended June 30, 2001 compared to the same period in 2000.

For the quarter ended June 30, 2001, FFO-diluted was $38.7 million compared to $38.2 million during the second quarter of 2000 and FFO-diluted was $76.8 million for the six months ended June 30, 2001 compared to $76.1 million during the same period in 2000. Net income available to common stockholders for the quarter was $6.8 million compared to $7.6 million for the quarter ended June 30, 2000 and net income per share-diluted was $.20 compared to $.22 for the second quarter of 2000.

Highlights

- In the quarter, approximately 331,000 square feet of leases were signed for mall and freestanding space. The average rent on new leases executed in the second quarter was $30.55 per square foot. On a comparable space basis, new leases were signed during the quarter at initial rents approximately 27% higher than expiring rents.
- During the quarter, the Company entered into a contract to acquire a five-acre parcel of land adjacent to Queens Center. The Company plans to close on the land acquisition later in 2001 and begin expansion of the mall beginning in early 2002.
- During the quarter, the new $35 million expansion opened at the 2.0 million square foot Lakewood Center. The expansion included 60,000 square feet of specialty tenant space and a second level food court. A new 210,000 square foot Macy's and a new Mervyn's department store anchor the expansion wing.
- On August 9, 2001, the Company declared a quarterly dividend of $.53 per share on its common and preferred stock, payable on September 10, 2001 to stockholders of record on August 20, 2001. Annualized, based on the recent share price, this represents a dividend yield in excess of 8.5%. The Company has increased its dividend each year since becoming a public company in 1994.
- Total same center sales decreased 1.0% for the quarter compared to the second quarter of 2000 and increased .7% for the six months ended June 30, 2001 compared to the same period in 2000. Comparable tenant sales decreased 2.5% compared to the second quarter of 2000.

Refinancing Activity

Subsequent to the first quarter, the Company placed a $96 million, 10 year, 7.16% fixed rate, permanent loan on Pacific View Mall. This loan paid off the construction loan of $89.3 million, which carried a floating interest rate of LIBOR plus 1.75%.

During the quarter, the Company refinanced the loan on Capitola Mall. The former $36.4 million loan, bearing interest at 9.25% was refinanced with a

$48.5 million 10 year fixed rate loan with interest at 7.13%. The Company has no remaining loan maturities in 2001.

The Company has also committed to an increase in its line of credit from $150 million up to $200 million.

The Macerich Company is a fully integrated self-managed and self-administered real estate investment trust, which acquires, leases, manages and redevelops regional malls and community centers throughout the United States. The Company is the sole general partner and owns a 79% ownership interest in The Macerich Partnership, L.P. Macerich owns interests in 46 regional malls and five community centers totaling over 42 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 quarterly 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, August 10, 2001 at 10:00 AM Pacific 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, tenant bankruptcies, lease rates and terms,availability and cost of financing, operating expenses and interest rate fluctuations; 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; governmentalactions 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)

Results of Operations:	For the Three Months Ended June 30		For the Six Months Ended June 30	
	(UNAUDITED)			
	2001	2000	2001	2000
Minimum Rents	49,553	47,905	98,219	95,080
Percentage Rents (a)	1,140	1,471	2,988	3,002
Tenant Recoveries	27,364	24,869	52,166	49,438
Other Income	2,634	2,010	5,081	4,037
Total Revenues	80,691	76,255	158,454	151,557
Shopping center and operating expenses (c)	27,825	24,208	51,977	48,108
Depreciation and amortization	16,387	15,040	32,491	29,568
General, administrative and other expenses	1,832	1,712	3,515	3,181
Interest expense	27,497	26,947	55,493	55,099
Gain (loss) on sale of assets	132	(106)	(188)	(108)
Pro rata income of unconsolidated entities (c)	6,625	6,386	12,681	13,109
Income before minority interest & extraordinary items	13,907	14,628	27,471	28,602
Extraordinary loss on early extinguishment of debt	1	0	187	0
Cumulative effect of change in accounting principle (a)	0	0	0	(963)
Income of the Operating Partnership	13,906	14,628	27,284	27,639
Income allocated to minority interests	2,249	2,383	4,377	4,421
Dividends earned by preferred stockholders	4,831	4,648	9,662	9,297
Net income - available to common stockholders	6,826	7,597	13,245	13,921

Average # of shares

outstanding - basic	33,771	34,148	33,706	34,120

Average shares outstanding,

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basic, assuming full

conversion of OP Units (d)	44,924	45,093	44,860	45,073
Average shares outstanding - diluted for FFO (d) (e)	58,886	59,900	58,823	59,775
Per share income before cumulative effect of change in accounting principle and extraordinary item-diluted	$0.20	$0.22	$0.39	$0.43
Net income per share-basic	$0.20	$0.22	$0.39	$0.41
Net income per share-diluted	$0.20	$0.22	$0.39	$0.41
Dividend declared per share	$0.530	$0.510	$1.060	$1.020
Funds from operations "FFO" (b) (d) - basic	$30,918	$29,890	$61,291	$59,458
Funds from operations "FFO" (b) (d) (e) - diluted	$38,704	$38,228	$76,812	$76,050
FFO per share - basic (b) (d)	$0.688	$0.663	$1.366	$1.319
FFO per share - diluted (b) (d) (e)	$0.657	$0.638	$1.306	$1.272
% change in FFO - diluted	2.99%		2.64%	

(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 $787 for joint ventures on a prorata basis, which in accordance with GAAP, was written off as a cumulative change in accounting principle.

(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, using the equity method of accounting, the Company's

prorata share of the equity in income or loss of its unconsolidated joint ventures and for Macerich Management Company for all periods presented and for The Macerich Property Management Company through March 28, 2001. Effective March 28, the Macerich Property Management Company was converted from an unconsolidated preferred stock subsidiary into a taxable reit subsidiary ("TRS") and as of that date the results of the Macerich Property Management are now included in the consolidated results of The Macerich Company.

(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 $161,400 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 $100,000 of convertible preferred stock and on June 17, 1998 another $150,000 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 for 2000 is the effect of stock options and restricted stock, calculated using the treasury method.

Summarized Balance Sheet Information	2001	2000
	(UNAUDITED)	
Cash and cash equivalents	27,364	36,273
Investment in real estate, net (h)	1,932,654	1,933,584

Investments in unconsolidated entities (I)	271,041	273,140
Total Assets	2,330,695	2,337,242
Mortgage and notes payable	1,431,228	1,400,087
Convertible debentures	150,848	150,848

Additional financial data as of:	June 30 2001	June 30 2000
Occupancy of centers (f)	92.40%	92.30%
Comparable quarter change in same center sales (f) (g)	-1.00%	3.60%

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

Mall - Boulder, and Parklane Mall.

(g) includes mall and freestanding stores.

(h) includes construction in process on wholly owned assets of $54,500 at

June 30, 2001 and $44,700 at December 31, 2000.

(I) includes the Company's prorata share of construction in process on

unconsolidated entities of $14,735 at June 30, 2001 and 4,860 at December 31, 2000.

PRORATA SHARE OF JOINT VENTURES	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	(All amounts in thousands)			
	2001	2000	2001	2000
Revenues:				
Minimum rents	25,774	$24,927	51,380	$49,571
Percentage rents	675	688	1,979	1,970
Tenant recoveries	10,613	9,778	21,208	19,505
Management fee	2,326	3,323	5,224	6,166
Other	1,029	577	1,820	1,157
Total revenues	40,417	39,293	81,611	78,369
Expenses:				
Shopping center expenses	13,427	11,542	26,164	23,298
Interest expense	11,680	11,209	23,901	21,615
Management company expense	1,922	4,226	5,668	7,511
Depreciation and amortization	6,800	5,941	13,320	11,636
Total operating expenses	33,829	32,918	69,053	64,060
Gain (loss) on sale of assets	37	11	123	(413)

Cumulative effect of change in accounting principle	0	0	0	(787)
Net income	$6,625	$6,386	$12,681	$13,109

RECONCILIATION OF NET INCOME TO FFO	For the Three Months Ended June 30		For the Six Months Ended June 30,	
	(All amounts in thousands)			
	(UNAUDITED)		(UNAUDITED)	
	2001	2000	2001	2000
Net income - available to common stockholders	6,826	7,597	13,245	13,921
Adjustments to reconcile net income to FFO - basic				
Minority interest	2,249	2,383	4,377	4,421
Loss on early extinguishment of debt	1	0	187	0
(Gain) loss on sale of wholly owned assets	(132)	106	188	108
(Gain) loss on sale or write-down of assets from unconsolidated entities (pro rata)	(37)	(11)	(123)	413
Depreciation and amortization on wholly owned centers	16,387	15,040	32,491	29,568
Depreciation and amortization on joint ventures and from the management companies (pro rata)	6,800	5,941	13,320	11,636
Cumulative effect of change in accounting - wholly owned assets	0	0		963
Cumulative effect of change in accounting - prorata joint ventures	0	0		787
Less: depreciation on personal property and amortization of loan costs and interest rate caps	(1,176)	(1,166)	(2,394)	(2,359)
Total FFO - basic	30,918	29,890	61,291	59,458
Weighted average shares outstanding - basic (d)	44,924	45,093	44,860	45,073
Additional adjustment to arrive at FFO - diluted				
Interest expense and amortization of loan costs on the debentures (e)	2,955	3,145	5,859	6,292
Preferred stock dividends earned	4,831	4,648	9,662	9,297
Effect of employee/director stock incentive plan		545		1,003
FFO - diluted	38,704	38,228	76,812	76,050
Weighted average shares outstanding - diluted (d) (e)	58,886	59,900	58,823	59,775

SOURCE The Macerich Company

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