The Macerich Company Announces a 47% Increase in Funds From Operations

August 12, 1999

SANTA MONICA, Calif., Aug. 12 /PRNewswire/ -- The Macerich Company (NYSE: MAC) today announced results of operations for the quarter ended June 30, 1999 which included the following:

-- Funds from operations ("FFO") -- diluted increased 47% for the second

quarter of 1999 compared to the second quarter of 1998.

-- FFO per share -- diluted increased 8.1% to $.64 compared to $.59 for

the second quarter of 1998 on a comparable basis.

-- Portfolio occupancy was 92.2%, a 60 basis point improvement over

June 30, 1998.

-- Sales per square foot for mall and freestanding stores was $331 for the

twelve months ended June 30, 1999, a 3.8% increase over the 1998

portfolio sales per square foot of $319.

-- Initial year rents on mall and freestanding store leases signed during

the second quarter of 1999 were 10% higher than expiring rents.

-- Same center specialty leasing income increased 28% compared to the

second quarter of 1998.

-- Macerich acquired Los Cerritos Center in Cerritos California, a

1.3 million square foot super regional mall.

Commenting on results for the quarter, Arthur Coppola, President and Chief Executive Officer of Macerich stated, "The strong results for the second quarter reflect the continuing trend of occupancy gains compared to the same quarter in the prior year, same center net operating income increases and strong leasing activity. These positive trends have contributed to the significant increase in our internal growth, which has fueled much of our FFO growth per share. Same center net operating income growth was at 3.1% for the second quarter and we expect it to exceed 4% in the third and fourth quarter. Given the large number of recent acquisitions with strong internal growth potential, we anticipate that the positive same center net operating income growth will continue.

In addition, during the quarter we closed on the acquisition of Los Cerritos Center, a super regional mall in close proximity to two of the Company's malls -- Lakewood Mall and Stonewood Mall. The trade area served by these three malls has 1.8 million people. The malls combine for over 4 million square feet of gross leasable area and there are tremendous marketing, leasing and operating efficiencies to be derived from combining these properties."

Financial Results

For the quarter ended June 30, 1999, FFO -- diluted increased to $38.9 million from $26.4 million for the second quarter of 1998. On a per share basis, FFO-diluted increased 8.1% to $.64 for the quarter ended June 30, 1999 compared to $.59 on a proforma basis for the quarter ended June 30, 1998. The 1998 results were adjusted on a proforma basis to eliminate the accounting change for percentage rent that became effective during the second quarter of 1998 and was rescinded after the fourth quarter of 1998.

Net income for the quarter increased to $9.0 million, from $7.4 million for the second quarter of 1998 and net income per share increased to $.26 from $.24 in the second quarter of 1998.

During 1999, the Company's convertible debentures were dilutive to FFO per share. Accordingly, during 1999, the debentures were considered equity for purposes of calculating FFO per share -- diluted. The debentures were not dilutive for FFO purposes during the first and second quarters of 1998.

Second Quarter Highlights

-- During the second quarter, the Company signed leases for mall and

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       freestanding shop space for approximately 162,000 square feet.  The
       rent on new leases was $35.53.  The new leases were signed at rents
       approximately 10% higher than expiring rents.
    -- The Company acquired Los Cerritos Center.  Los Cerritos is a
       1.3 million square foot super regional mall anchored by Robinson-May,
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Sears, Mervyn's, Nordstrom and Macy's. The mall is located in Cerritos, California and gives The Macerich Company an additional dominant franchise regional mall in the Southern Los Angeles County market. The Company concurrently placed a $120 million mortgage on the property with a fixed interest rate of 7.13%.

-- The $90 million redevelopment of Pacific View Mall in Ventura, California continued with the opening of a new 124,500 square foot JC Penney store in March. In April, Robinson-May began the complete transformation of the former JC Penney Store into a 165,000 square foot fashion department store. Sears is approximately 60% complete with the construction of their new 161,000 square foot store, scheduled to open in October 1999. In addition, Macy's has announced a $20 million renovation of their store and leasing activity remains strong with 75% of the non-anchor space committed.

-- In July, Macerich closed on phase two of the Safeco portfolio which included 6 office buildings at Redmond Town Center which are all leased to AT&T Wireless. Redmond Town Center is a mixed-use project that also includes 570,000 square feet of retail. The purchase price for phase two was $111 million. A concurrent 10 year, fixed rate loan of $76 million, bearing interest at 6.77%, was placed on the property at closing. The acquisition of the Safeco portfolio was done in a joint venture with an affiliate of Ontario Teachers' Pension Plan Board owning 49% and an affiliate of Macerich owning 51%.

Macerich has acquired 23 regional centers totaling 19.2 million square feet in the past 18 months. The Company's total portfolio consists of over 41.5 million square feet comprised of 47 regional shopping centers and seven community centers.

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 78% ownership interest in The Macerich Partnership, L.P. Additional information about The Macerich Company can be obtained from the Company's web site at www.macerich.com .

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, availability and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition with other companies, retail formats and technology, risks of real estate development and acquisition; 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)

Results of Operations:

	for the three months ended June 30		for the six months ended June 30	
	unaudited			
	1999	1998	1999	1998
Minimum Rents	51,313	40,213	101,905	79,629
Percentage Rents (b)	3,206	1,080	7,148	4,250
Tenant Recoveries	24,178	19,181	47,276	36,822
Other Income	1,978	933	3,195	1,881
Total Revenues	80,675	61,407	159,524	122,582
Shopping Center Expenses	23,955	19,279	47,221	38,001
Depreciation and amortization	15,285	11,894	30,539	23,607
General, administrative and other expenses (c)	1,439	1,153	2,843	2,177

Interest expense	28,602	20,636	55,355	41,212
Gain on sale of assets	0	9	0	9
Pro rata income of unconsolidated entities (d)	5,286	4,152	10,634	5,582
Income before minority interest & extraordinary items	16,680	12,606	34,200	23,176
Income allocated to minority interests	3,258	3,182	6,488	6,190
Extraordinary loss on early extinguishment of debt	15	0	988	90
Dividends earned by preferred stockholders	4,421	2,057	8,841	2,706
Net income -- available to common stockholders	8,986	7,367	17,883	14,190
Average # of shares outstanding -- basic	33,980	30,765	33,971	28,975
Average shares outstanding, -- basic, assuming full conversion of OP Units (e)	46,291	42,853	46,286	41,063
Average shares outstanding -- diluted for FFO (f) (e)	61,143	47,896	61,022	44,631
Net income per share -- basic	$0.26	$0.24	$0.53	$0.49
Net income per share -- diluted	$0.26	$0.24	$0.53	$0.49
Dividend declared per share	$0.485	$0.460	$0.970	$0.920
Funds from operations "FFO" (a) (e) -- basic	$30,963	$24,378	$61,782	$46,791
Funds from operations "FFO" (a) (f) (e) -- diluted	$38,913	$26,435	$77,510	$49,753
FFO per share -- basic (a) (e)	$0.669	$0.569	$1.335	$1.139
FFO per share - diluted (a) (f) (e)	$0.636	$0.552	$1.270	$1.115
Proforma FFO per share -- diluted assuming the accounting change, EITF 97-11, was effective 1-1-98, and that EITF 98-9, was reversed effective 1-1-98.				
proforma impact of EITF 97-11 (c)		n/a		($0.020)
proforma impact of EITF 98-9 (b)		$0.037		$0.037

Proforma FFO per share -- diluted (g)	$0.636	$0.589	$1.270	$1.132
% change in proforma FFO -- diluted (g)	8.07%		12.23%	

The Macerich Company
Financial Highlights
(In Thousands, Except Per Share Amounts)

(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 1998.

(b) Effective April 1, 1998, there was an accounting change (EITF 98-9) mandated by the Financial Accounting Standards Board which modifies the timing on recognition of revenue for percentage rent received from tenants. Although the accounting change had 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) from the second quarter of 1998 to the quarter ended December 31, 1998. During 1999, the FASB reversed EITF 98-9 and the accounting treatment, starting effective January 1, 1999 reverted to the former method of accounting for percentage rents.

(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. If this new accounting interpretation had been implemented effective January 1, 1998, income before extraordinary items and minority interests would have been reduced by $834 or $.02 per share during the first 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 1998 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 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.

(g) This reflects the impact of the accounting changes discussed in footnotes (b) and (c) above on a proforma basis assuming that the accounting change noted in footnote (c) was effective as of January 1, 1998 and that the accounting change discussed in footnote (b), EITF 98-9 was reversed effective January 1, 1998.

Summarized Balance Sheet Information (UNAUDITED)	June 30 1999	Dec 31 1998
Cash and cash equivalents	24,610	25,143
Investment in real estate, net	1,973,543	1,966,845
Total Assets	2,466,670	2,322,056
Mortgage and notes payable	1,531,846	1,345,718
Convertible debentures	161,400	161,400

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

Additional financial data as of June 30, 1999	
Occupancy of centers (h)	92.20%
Year to date increase in same center sales (h) (i)	3.1%
Debt as a percentage of total market capitalization (j)	60.6%

(h) excludes redevelopment properties -- Pacific View Mall, Crossroads Mall -- Boulder, Huntington Center and Parklane Mall
(i) includes mall and freestanding stores
(j) includes joint ventures at pro rata and is based on the closing stock price on June 30, 1999 of $26.25

RECONCILIATION OF NET INCOME TO FFO

	for the three months ended June 30, (UNAUDITED)		for the six months ended June 30, (UNAUDITED)	
	1999	1998	1999	1998
Net income -- available to common stockholders	8,986	7,367	17,883	14,190
Adjustments to reconcile net income to FFO -- basic				
Minority interest	3,258	3,182	6,488	6,190
Loss on early extinguishment of debt	15	0	988	90
(Gain) loss on sale of wholly owned assets	0	(9)	0	(9)
(Gain) loss on sale or write-down of assets from unconsolidated entities (pro rata)	(462)	(205)	(474)	164
Depreciation and amortization on wholly owned centers	15,285	11,894	30,539	23,607
Depreciation and amortization on joint ventures and from				

the management companies (pro rata)	4,932	3,057	8,465	4,427
Less: depreciation on personal property and amortization of loan costs and interest rate caps	(1,051)	(908)	(2,107)	(1,868)
Total FFO -- basic	30,963	24,378	61,782	46,791
Weighted average shares outstanding -- basic (e)	46,291	42,853	46,286	41,063
Additional adjustment to arrive at FFO -- diluted				
Interest expense and amortization of loan costs on the debentures (f)	3,161	0	6,276	0
Preferred stock dividends earned	4,421	2,057	8,841	2,706
Effect of restricted stock grants	368	0	611	256
FFO -- diluted	38,913	26,435	77,510	49,753
Weighted average shares outstanding -- diluted (f)	61,143	47,896	61,022	44,631

SOURCE The Macerich Company