The Macerich Company Announces First Quarter Results

May 12, 2000

SANTA MONICA, Calif., May 12 /PRNewswire/ -- The Macerich Company (NYSE: MAC) today announced results of operations for the first quarter ended March 31, 2000 which included the following:

- Funds from operations ("FFO") per share - diluted increased 7% to $.634 from $.592 for the first quarter of 1999 on a comparable basis.
- Portfolio occupancy was at 92.3%, a 30 basis point improvement over the portfolio occupancy at March 31, 1999.
- Total same center sales increased 3.6% and comparable tenant sales increased 3.8% compared to the first quarter of 1999.
- During the quarter, Macerich signed new leases at average initial rents of $30 per square foot. First year rents on mall and freestanding store leases signed during the first quarter were 12% higher than expiring rents on a comparable space basis.
- Same center net operating income, excluding redevelopment centers, increased approximately 5% compared to the first quarter of 1999 on a comparable basis.

Commenting on results for the quarter, Arthur Coppola, President and Chief Executive Officer of Macerich stated, "The strong results for the quarter reflect the on going trend of high occupancy levels and substantial same center net operating income increases. That combined with vibrant leasing activity, including very positive re-leasing spreads on new lease signings contributed to the robust internal growth, which fueled much of our FFO growth per share."

For the quarter ended March 31, 2000, FFO per share increased to $.634, up 7% from $.592 in the first quarter of 1999 on a comparable basis. The 1999 results were adjusted on a proforma basis to reflect the accounting change that became effective January 1, 2000. This accounting change was mandated by SEC 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 annual 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 fourth quarter of each year, rather than spread throughout the year.

Net income available to common stockholders for the quarter was $6.3 million compared to $8.9 million for the first quarter of 1999 and net income per share diluted was $.19 compared to $.26 in the first quarter of 1999.

Highlights

- During the quarter, there were approximately 292,000 square feet of leases signed for mall and freestanding space. The average rent on new leases was $30 per square foot. On a comparable space basis, new leases were signed at rents approximately 12% higher than expiring rents.
- The $90 million redevelopment of Pacific View Mall in Ventura, California continued with the majority of the redevelopment completed in the first quarter. The renovation included the addition of a Robinson-May and Sears and a new 124,500 square foot J.C. Penney store. The leasing activity remains strong with the occupancy level expected to reach 90% in the third quarter. In addition, Macy's has started a $20 million renovation of their store.
- The redevelopment of Lakewood Mall continues. The first new Macy's store ever built in Southern California is under construction with an expected completion in November 2000. The redevelopment will include the relocation of Mervyn's Department Store and the development of an additional 60,000 square feet of shop space which is expected to be completed in early 2001.
- At Chesterfield Towne Center a new 145,000 square foot J.C. Penney store is under construction with a planned grand opening in November 2000. J.C. Penney will be the mall's fifth anchor.
- The Company recently announced its participation in MerchantWired.com, a consortium of mall owners, to provide a full service retail infrastructure that connects the physical and virtual worlds in the retail industry.
- Additional financing of $138 million was placed on the SDG/Macerich portfolio. The debt, with a combination of fixed and floating interest rates, has a current average interest rate of 7.364% and a maturity in 2006. The Company's share of the refinancing proceeds of $69 million was used to pay down its line of credit.
- On May 11, 2000, the Company declared a dividend of $.51 per share on its common and preferred stock, payable on June 7, 2000 to shareholders of record on May 18, 2000.

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 47 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.

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 from 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 (UNAUDITED)	
	2000	1999
Minimum Rents	47,175	50,592
Percentage Rents (a)	1,532	3,943
Tenant Recoveries	24,569	23,097
Other Income	2,027	1,217
Total Revenues	75,303	78,849
Shopping Center Expenses	23,900	23,265
Depreciation and amortization	14,528	15,253
General, administrative and other expenses	1,469	1,403
Interest expense	28,151	26,753
Gain (loss) on sale of assets	(2)	0
Pro rata income of unconsolidated entities (c)	6,723	5,346
Income before minority interest, extraordinary items and cumulative effect of accounting change	13,976	17,521
Extraordinary loss on early extinguishment of debt	0	973
Cumulative effect of change in accounting principle (a)	(963)	0
Income of the Operating Partnership	13,013	16,548
Income allocated to minority interests	2,039	3,230
Dividends earned by preferred stockholders	4,648	4,421
Net income - available to common stockholders	6,326	8,897
Average shares outstanding - basic	34,091	33,927
Average shares outstanding - basic, assuming full conversion of OP Units (d)	45,052	46,246
Average shares outstanding - diluted for FFO (d) (e)	59,651	60,866
Income before extraordinary items and cumulative effect of change in accounting principle-diluted	$0.21	$0.28
Net income per share - basic	$0.19	$0.26
Net income per share - diluted	$0.19	$0.26
Dividend declared per share	$0.510	$0.485
Funds from operations "FFO" (b) (d) - basic	$29,570	$30,819
Funds from operations "FFO" (b) (d) (e) - diluted	$37,822	$38,597
FFO per share - basic (b) (d)	$0.656	$0.666
FFO per share - diluted (b) (d) (e)	$0.634	$0.634
Proforma FFO per share - diluted assuming the accounting change for % rent was effective January 1, 1999 Proforma impact of SAB 101 (a)	n/a	($0.042)

Proforma FFO per share - diluted (a)(d)(e)	$0.634	$0.592
Percentage change in FFO per Share - diluted (b)	7.08%	

(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 wholly owned assets and $786 for joint ventures on a prorata basis, which in accordance with GAAP, was written off as a cumulative change in accounting principle. For comparative purposes, the results for the quarter ended March 31, 1999 were restated on a proforma basis to reflect this accounting change. The proforma impact on the first quarter 1999 results was a reduction of percentage rent, including a prorata share of joint ventures of $2,564 or $.042 per diluted share.

(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.
Percentage change in FFO/ share is based on the comparison to the same period in 1999.

(c) 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.

(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. In the first quarter of 2000 and 1999, the debentures are not dilutive to net income per share, but the debentures were dilutive to FFO per share and are reflected as converted for the calculation of FFO per share - diluted.
The Company has 9,115 shares of convertible preferred stock outstanding. 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.

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FINANCIAL HIGHLIGHTS

(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

Summarized Balance Sheet Information	March 31, 2000 (UNAUDITED)	Dec 31 1999
Cash and cash equivalents	30,756	40,455
Investment in real estate, net	1,926,340	1,931,415
Total Assets	2,382,249	2,404,293
Mortgage and notes payable	1,401,617	1,399,727
Convertible debentures	161,400	161,400

Additional financial data as of:	March 31, 2000	March 31, 1999
Occupancy of centers (f)	92.30%	92.00%
Year to date increase in same center sales (f) (g)	3.60%	4.40%

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

(g) includes mall and freestanding stores

RECONCILIATION OF NET INCOME TO FFO	for the three months ended MARCH 31, (UNAUDITED) 2000	1999
Net income - available to common stockholders	6,326	8,897
Adjustments to reconcile net income to FFO - basic		
Minority interest	2,039	3,230
Loss on early extinguishment of debt	0	973
(Gain) loss on sale of wholly owned assets	2	
(Gain) loss on sale of assets from unconsolidated entities (pro rata)	424	(13)
Depreciation and amortization on wholly owned centers	14,528	15,253
Depreciation and amortization on joint ventures and from the management companies (pro rata)	5,695	3,533
Cumulative effect of the change in accounting principle - wholly owned assets	963	
Cumulative effect of the change in accounting principle-prorata joint ventures	787	
Less: depreciation on personal property and amortization of loan costs and interest rate caps	(1,194)	(1,054)
Total FFO - basic	29,570	30,819
Weighted average shares outstanding - basic (d)	45,052	46,246
Additional adjustment to arrive at FFO - diluted		
Interest expense and amortization of loan costs on the debentures (e)	3,146	3,114

Preferred stock dividends earned	4,648	4,421
Effect of restricted stock grants	458	243
FFO - diluted	37,822	38,597
Weighted average shares outstanding - diluted (e)	59,651	60,866

SOURCE The Macerich Company

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