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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(MARK ONE)

/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997.

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER 1-12504

THE MACERICH COMPANY

(Exact Name of Registrant as Specified in Its Charter)

MARYLAND	95-4448705
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
401 WILSHIRE BOULEVARD, #700 SANTA MONICA, CALIFORNIA	90401
(Address of principal executive office)	(Zip Code)

Registrants telephone number, including area code: (310) 394-6911

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $0.01 Par Value	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter periods that the registrant was required to file such report(s)) and (2) has been subject to such filing requirements of the past 90 days. Yes /X/ No / /

Indicate by a check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to the Form 10-K. / /

As of February 23, 1998, the aggregate market value of the 20,708,781 shares of Common Stock held by non-affiliates of the registrant was $582 million based upon the closing price ($28.125) on the New York Stock Exchange composite tape on such date. (For this computation, the registrant has excluded the market value of all shares of its Common Stock reported as beneficially owned by executive officers and directors of the registrant and certain other shareholders; such exclusion shall not be deemed to constitute an admission that any such person is an "affiliate" of the registrant.) As of February 23, 1998, there were 28,898,881 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual stockholders meeting to be held in 1998 are incorporated by reference into Part III.

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THE MACERICH COMPANY
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1997

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PART I

ITEM 1. BUSINESS

GENERAL

The Macerich Company (the "Company") is involved in the acquisition, ownership, redevelopment, management and leasing of regional and community shopping centers located throughout the United States. The Company is the sole general partner of, and owns a majority of the ownership interests in, The Macerich Partnership, L.P., a Delaware limited partnership (the "Operating Partnership"). The Operating Partnership owns or has an ownership interest in 38 regional shopping centers and four community centers aggregating approximately 33.1 million square feet of gross leasable area. These 42 regional and community shopping centers are referred to hereinafter as the "Centers", unless the context otherwise requires. The Company is a self-administered and self-managed real estate investment trust ("REIT") and conducts all of its operations through the Operating Partnership and the Company's three management companies, Macerich Property Management Company, a California corporation, Macerich Manhattan Management Company, a California corporation, and Macerich Management Company, a California corporation (collectively, the "Management Companies").

The Company was organized as a Maryland corporation in September 1993 to continue and expand the shopping center operations of Mace Siegel, Arthur M. Coppola, Dana K. Anderson and Edward C. Coppola and certain of their business associates.

All references to the Company in this 10-K include the Company, those entities owned or controlled by the Company and predecessors of the Company, unless the context indicates otherwise.

RECENT DEVELOPMENTS

DEBT AND EQUITY OFFERINGS

On February 5, 1997 the Company filed a new shelf registration statement for $500 million worth of securities (including the remaining $16 million under the former shelf) to be issued at a later date. The new shelf was declared effective on December 8, 1997.

On June 27, 1997, the Company sold $150 million of convertible subordinated debentures (the "Debentures") due 2002. In July 1997, an additional $11.4 million of the Debentures were sold. The net proceeds from the sale of the Debentures of $157.4 million were used by the Company primarily to repay floating rate debt and for general corporate purposes. On December 22, 1997, the Company filed a shelf registration statement for $119.4 million of the convertible debentures that were issued during June and July of 1997. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Convertible Debt Offering and Recent Developments."

On February 25, 1998, the Company issued $100 million of convertible preferred shares in a private placement. During February 1998, the Company issued 2.9 million common shares ($79.6 million of total proceeds) from the shelf registration. The proceeds from the sale of the preferred shares and the common shares were used to acquire the ERE Yarmouth portfolio. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Convertible Debt Offering and Recent Developments."

ACQUISITIONS

South Towne Center was acquired on March 27, 1997. South Towne Center is a 1,240,143 square foot super regional mall located in Sandy, Utah. The purchase price was $98 million, consisting of $52 million of cash and $46 million of assumed mortgage indebtedness.

Stonewood Mall is a super regional mall in Downey, California which the Company acquired on August 6, 1997. Stonewood Mall contains 927,218 square feet and the purchase price was $92 million which was funded with $58 million in proceeds from a 10 year fixed rate loan placed concurrently on Villa Marina Marketplace and the balance from cash on hand plus proceeds drawn from the Company's line of credit.

Manhattan Village Shopping Center ("Manhattan Village") located in Manhattan Beach, California was purchased through a joint venture on August 19, 1997. Manhattan Village is a regional center with a total of 551,685 square feet of retail, restaurant and entertainment space. The Company owns 10% of the joint venture.

The Citadel, a 1,044,852 square foot super regional mall in Colorado Springs, Colorado was purchased on December 19, 1997 for $108 million. The purchase price was funded by a concurrently placed loan of $75.6 million plus $32.4 million in cash.

Great Falls Marketplace, a 143,570 square foot community center in Great Falls, Montana, developed by The Management Companies, was acquired on December 31, 1997. The acquisition price was $14.8 million which approximates the cost incurred by The Management Companies to acquire and develop the site.

On February 27, 1998, the Company acquired, through a 50/50 joint venture with an affiliate of Simon DeBartolo Group, Inc., a portfolio of twelve regional malls ("the ERE Yarmouth portfolio"). The properties in the portfolio comprise 10.7 million square feet and are located in eight states. The total purchase price was $974.5 million, which included the assumption of $485 million of debt.

THE SHOPPING CENTER INDUSTRY

GENERAL

There are several types of retail shopping centers, which are differentiated primarily based on size and marketing strategy. Retail shopping centers generally contain in excess of 400,000 square feet of gross leasable area ("GLA"), are typically anchored by two or more department or large retail stores ("Anchors") and are referred to as "Regional Shopping Centers" or "Malls". Regional Shopping Centers also typically contain numerous diversified retail stores ("Mall Stores"), most of which are national or regional retailers typically located along corridors connecting the Anchors. Community Shopping Centers, also referred to as "strip centers," are retail shopping centers that are designed to attract local or neighborhood customers and are typically anchored by one or more supermarkets, discount department stores and/or drug stores. Community Shopping Centers typically contain 100,000 square feet to 400,000 square feet of GLA. In addition, freestanding retail stores are located along the perimeter of the shopping centers ("Freestanding Stores"). Anchors, Mall and Freestanding Stores and other tenants typically contribute funds for the maintenance of the common areas, property taxes, insurance, advertising and other expenditures related to the operation of the shopping center.

REGIONAL SHOPPING CENTERS

A Regional Shopping Center draws from its trade area by offering a variety of fashion merchandise, hard goods and services and entertainment, generally in an enclosed, climate controlled environment with convenient parking. Regional Shopping Centers provide an array of retail shops and entertainment facilities and often serve as the town center and the preferred gathering place for community, charity and promotional events.

The Company focuses on the acquisition and redevelopment of Regional Shopping Centers. Regional Shopping Centers have generally provided owners with relatively stable growth in income despite the cyclical nature of the retail business. This stability is due both to the diversity of tenants and to the typical dominance of Regional Shopping Centers in their trade areas. Regional Shopping Centers are difficult to develop because of the significant barriers to entry, including the limited availability of capital and suitable

development sites, the presence of existing Regional Shopping Centers in most markets, a limited number of Anchors, and the associated development costs and risks. Consequently, the Company believes that few new Regional Shopping Centers will be built in the next five years. However, many of the market, financing and economic risks typically associated with the development of new Regional Shopping Centers can be mitigated by acquiring and redeveloping an existing Regional Shopping Center. Furthermore, the value of Regional Shopping Centers can be significantly enhanced through redevelopment, renovation and expansion.

Regional Shopping Centers have different strategies with regard to price, merchandise offered and tenant mix, and are generally tailored to meet the needs of their trade areas. Anchor tenants are located along common areas in a configuration designed to maximize consumer traffic for the benefit of the Mall Stores. Mall GLA, which generally refers to gross leasable area contiguous to the Anchors for tenants other than Anchors, is leased to a wide variety of smaller retailers. Mall stores typically account for the bulk of the revenues of a Regional Shopping Center.

Although a variety of retail formats compete for consumer purchases, the Company believes that Regional Shopping Centers will continue to be a preferred shopping destination. The combination of a climate controlled shopping environment and a diverse tenant mix has resulted in Regional Shopping Centers generating higher tenant sales than are generally achieved at smaller retail formats. Further, the Company believes that department stores located in Regional Shopping Centers will continue to provide a full range of current fashion merchandise at a limited number of locations in any one market, allowing them to command the largest geographical trade area of any retail format.

COMMUNITY SHOPPING CENTERS

Community Shopping Centers are designed to attract local and neighborhood customers and are typically open air shopping centers, with one or more supermarkets, drugstores or discount department stores. National retailers such as Kids-R-Us at Bristol Shopping Center, Toys-R-Us at Boulder Plaza, and The Gap, Victoria's Secret and Limited Express at Villa Marina, provide the Company's Community Shopping Centers with the opportunity to draw from a much larger trade area than a typical supermarket or drugstore anchored Community Shopping Center.

BUSINESS OF THE COMPANY

MANAGEMENT AND OPERATING PHILOSOPHY

The Company believes that the shopping center business requires specialized skills across a broad array of disciplines for effective and profitable operations. For this reason, the Company has developed a fully integrated real estate organization with in-house acquisition, redevelopment, property management, leasing, finance, construction, marketing, legal and accounting expertise. In addition, the Company emphasizes a philosophy of decentralized property management, leasing and marketing performed by on-site professionals. The Company believes that this strategy results in the optimal operation, tenant mix and drawing power of each Center as well as the ability to quickly respond to changing competitive conditions of the Center's trade area.

PROPERTY MANAGEMENT AND LEASING. The Company believes that on-site property managers can most effectively operate the Centers. Each Center's property manager is responsible for overseeing the operations, marketing, maintenance and security functions at the Center. Property managers focus special attention on controlling operating costs, a key element in the profitability of the Centers, and seek to develop strong relationships with and to be responsive to the needs of retailers.

The Company believes strongly in decentralized leasing and accordingly, most of its leasing managers are located on-site to better understand the market and the community in which a Center is located. Leasing managers are charged with more than the responsibility of leasing space; they continually assess

and fine tune each Center's tenant mix, identify and replace underperforming tenants and seek to optimize existing tenant sizes and configurations.

ACQUISITIONS. Since its initial public offering ("IPO"), the Company has acquired interests in shopping centers nationwide. These acquisitions were identified and consummated by the Company's staff of acquisition professionals who are strategically located in Santa Monica, Dallas, Denver and Atlanta. The Company believes that it is geographically well positioned to cultivate and maintain ongoing relationships with potential sellers and financial institutions and to act quickly when acquisition opportunities arise. The Company focuses on assets that are or can be dominant in their trade area, have a franchise and where there is intrinsic value.

The Company made the following acquisitions in 1996: Villa Marina Marketplace ("Villa Marina") on January 25, 1996; Valley View Center on October 21, 1996; Vintage Faire Mall and Rimrock Mall on November 27, 1996; and Buenaventura Mall, Fresno Fashion Fair and Huntington Center on December 18, 1996. Together these properties are referred to herein as the "1996 Acquisition Centers".

The Company made the following acquisitions in 1997: South Towne Center in Sandy, Utah on March 27, 1997; Stonewood Mall in Downey, California on August 6, 1997; Manhattan Village in Manhattan Beach, California on August 19, 1997 in a joint venture in which the Company owns a 10% interest; The Citadel in Colorado Springs, Colorado on December 19, 1997 and Great Falls Marketplace in Great Falls, Montana on December 31, 1997. Together these properties are referred to herein as the "1997 Acquisition Centers".

On February 27, 1998, the Company, along with a joint venture partner, acquired the ERE Yarmouth portfolio of 12 regional malls totaling 10.7 million square feet. The Company is a 50% owner of this portfolio.

REDEVELOPMENT. One of the major components of the Company's growth strategy is its ability to redevelop acquired properties. For this reason, the Company has built a staff of redevelopment professionals who have primary responsibility for identifying redevelopment opportunities that will result in enhanced long-term financial returns and market position for the Centers. The redevelopment professionals oversee the design and construction of the projects in addition to obtaining required governmental and Anchor approvals.

THE CENTERS. As of February 27, 1998, the Centers consist of 38 Regional Shopping Centers and four Community Shopping Centers aggregating approximately 33.1 million square feet of GLA. 38 of the 42 Centers contain more than 400,000 square feet of GLA. The 38 Regional Shopping Centers in the Company's portfolio average approximately 846,000 square feet of GLA and range in size from 1.8 million square feet of GLA at Lakewood Mall to 369,742 square feet of GLA at Panorama Mall. The Company's four Community Shopping Centers, Boulder Plaza, Villa Marina Marketplace, Bristol Shopping Center and Great Falls Marketplace, have an average of 229,000 square feet of GLA. The 42 Centers presently include 149 Anchors totaling approximately 18.3 million square feet of GLA and approximately 4,540 Mall and Freestanding Stores totaling approximately 14.8 million square feet of GLA.

Total revenues increased from $155 million in 1996 to $221 million in 1997 primarily due to acquisitions. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." Lakewood Mall generated 10.5% of total shopping center revenues in 1997, 16.0% in 1996 and 22.0% in 1995. Queens Center accounted for 13.8% of 1996 shopping center revenue. Shopping center revenues at Crossroads Mall-Colorado accounted for 10.6% of total shopping center revenues in 1995. During 1995 Chesterfield accounted for 12.6% of total Shopping Center revenues. No other Center generated more than 10% of shopping center revenues during 1997, 1996 or 1995.

COST OF OCCUPANCY

The Company's management believes that in order to maximize the Company's operating cash flow, the Centers' Mall Store tenants must be able to operate profitably. A major factor contributing to tenant profitability is cost of occupancy. The following table summarizes occupancy costs for Mall Store tenants in the Centers as a percentage of total Mall Store sales for the last three years:

	FOR THE YEARS ENDED DECEMBER 31,		
	1995(2)	1996(3)	1997(4)
Mall store sales (in thousands)	$ 766,849	$ 992,614	$ 1,483,903
Minimum rents	8.3%	8.3%	7.9%
Percentage rents	0.4%	0.4%	0.4%
Expense recoveries(1)	2.6%	2.9%	3.0%
Mall tenant occupancy costs	11.3%	11.6%	11.3%

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(1) Represents real estate tax and common area maintenance charges.

(2) Excludes 1995 Acquisition Centers.

(3) Excludes 1996 Acquisition Centers.

(4) Excludes 1997 Acquisition Centers.

COMPETITION

The 38 Regional Shopping Centers are located in developed areas in middle to upper income markets where there are relatively few other Regional Shopping Centers. In addition, 37 of the 38 Regional Shopping Centers contain more than 400,000 square feet of GLA. The Company intends to consider additional expansion and renovation projects to maintain and enhance the quality of the Centers and their competitive position in their trade areas.

There are numerous owners and developers of real estate that compete with the Company in its trade areas. There are nine other publicly traded mall REITs, any of which under certain circumstances, could compete against the Company for an acquisition or an Anchor. This results in competition for both acquisition of centers and for tenants to occupy space. The existence of competing shopping centers could have a material impact on the Company's ability to lease space and on the level of rent that can be achieved. There is also increasing competition from other forms of retail, such as factory outlet centers, power centers, discount shopping clubs, internet shopping services and home shopping networks that could adversely affect the Company's revenues.

MAJOR TENANTS

The Centers derived approximately 89.5% of their total rents for the year ended December 31, 1997 from Mall and Freestanding Stores. One retailer accounted for approximately 7.6% of annual base rents of the Company, and no other single retailer accounted for more than 4.6%, as of December 31, 1997.

The following retailers (including their subsidiaries) represent the 10 largest retailers in the Company's portfolio at December 31, 1997 based upon minimum rents in place as of December 31, 1997:

RETAILER	NUMBER OF STORES IN THE CENTERS	% OF TOTAL MINIMUM RENTS AS OF DECEMBER 31, 1997
The Limited	103	7.6%
Woolworth	113	4.6%
The Gap	26	2.3%
Barnes & Noble	32	1.9%
J.C. Penney	19(1)	1.8%
Federated Department Stores	15(1)	1.6%
Melville	23	1.3%
The Musicland Group	30	1.3%
Consolidated Stores	24	1.1%
Sears	15(1)	1.0%

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(1) Amounts include Anchor stores as well as non-Anchor stores owned by the same parent company.

MALL AND FREESTANDING STORES

Mall and Freestanding Store leases generally provide for tenants to pay rent comprised of a fixed base (or "minimum") rent and a percentage rent based on sales. In some cases, tenants pay only a fixed minimum rent, and in some cases, tenants pay only percentage rents. Most leases for Mall and Freestanding Stores contain provisions that allow the Centers to recover their costs for maintenance of the common areas, property taxes, insurance, advertising and other expenditures related to the operations of the Center.

The Company uses tenant spaces 10,000 square feet and under for comparing rental rate activity. Tenant space under 10,000 square feet in the portfolio at December 31, 1997 comprises 75.3% of all Mall and Freestanding Store space. The Company believes that to include space over 10,000 square feet would provide a less meaningful comparison.

When an existing lease expires, the Company is often able to enter into a new lease with a higher base rent component. The average base rent for new Mall and Freestanding Store leases, 10,000 square feet or under, commencing during 1997 was $27.58 per square foot, or 13.6% higher than the average base rent for all Mall and Freestanding Stores (10,000 square feet or under) at December 31, 1997 of $24.27 per square foot.

The following table sets forth for the Centers the average base rent per square foot of Mall and Freestanding GLA, for tenants 10,000 square feet and under, as of December 31 for each of the past three years.

DECEMBER 31	AVERAGE BASE RENT PER SQUARE FOOT(1)	AVERAGE BASE RENT PER SQ. FT. ON LEASES COMMENCING DURING THE YEAR(2)	AVERAGE BASE RENT PER SQ. FT. ON LEASES EXPIRING DURING THE YEAR(3)
1995	$ 21.19	$ 23.13	$ 22.12
1996	$ 23.90	$ 27.02	$ 24.54
1997	$ 24.27	$ 27.58	$ 24.84

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(1) Average base rent per square foot is based on Mall and Freestanding Store GLA for spaces 10,000 square feet or under occupied as of December 31 for each of the Centers owned by the Company in 1995 (excluding the 1995 Acquisition Centers), 1996 (excluding the 1996 Acquisition Centers) and 1997 (excluding the 1997 Acquisition Centers).

(2) The base rent on lease signings during the year represents the actual rent to be paid on a per square foot basis during the first twelve months. The 1995 average excludes the 1995 Acquisition Centers, the 1996 average excludes the 1996 Acquisition Centers and the 1997 average excludes the 1997 Acquisition Centers.

(3) The average base rent on leases expiring during the year represents the final year minimum rent, on a cash basis, for tenant leases 10,000 square feet or under expiring during the year. The average base rent on leases expiring in 1995 excludes the 1995 Acquisition Centers, 1996 excludes the 1996 Acquisition Centers and the average for 1997 excludes the 1997 Acquisition Centers.

BANKRUPTCY AND CLOSURE OF RETAIL STORES

The bankruptcy and/or closure of an Anchor, or its sale to a less desirable retailer, could adversely affect customer traffic in a Center and thereby reduce the income generated by that Center. Furthermore, the closing of an Anchor could, under certain circumstances, allow certain other Anchors or other tenants to terminate their leases or cease operating their stores at the Center or otherwise adversely affect occupancy at the Center. During 1997, Montgomery Ward filed for bankruptcy. The Company has Montgomery Ward as an anchor in eleven of its centers. If Montgomery Ward ceases to operate it could have an adverse effect on a center.

Retail stores at the Centers other than Anchors may also seek the protection of the bankruptcy laws, which could result in the termination of such tenants' leases and thus cause a reduction in the cash flow generated by the Centers. Although no single retailer accounts for greater than 7.6% of total rents, the bankruptcy and subsequent closure of stores could create a decrease in occupancy levels, reduced rental income or otherwise adversely affect the Centers.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations (for Centers owned as of December 31, 1997) of Mall and Freestanding Stores 10,000 square feet or under for the next ten years, assuming that none of the tenants exercise renewal options.

YEAR ENDING DECEMBER 31,	NUMBER OF LEASES EXPIRING	APPROXIMATE GLA OF EXPIRING LEASES	% OF TOTAL LEASED GLA REPRESENTED BY EXPIRING LEASES(1)	ENDING BASE RENT PER SQUARE FOOT OF EXPIRING LEASES(1)
1998	354	673,877	7.8%	$ 23.22
1999	298	538,553	6.2%	$ 26.09
2000	321	599,211	6.9%	$ 27.35
2001	257	496,600	5.8%	$ 29.98
2002	235	496,482	5.8%	$ 27.70
2003	214	506,674	5.9%	$ 27.10
2004	172	402,261	4.7%	$ 26.81
2005	164	481,210	5.6%	$ 24.79
2006	176	475,078	5.5%	$ 26.79
2007	165	449,402	5.2%	$ 28.24

(1) For leases 10,000 square feet or under

ANCHORS

Anchors have traditionally been a major factor in the public's identification with Regional Shopping Centers. Anchors are generally department stores whose merchandise appeals to a broad range of shoppers. Although the Centers receive a smaller percentage of their operating income from Anchors than from Mall and Freestanding Stores, strong Anchors play an important part in maintaining customer traffic and making the Centers desirable locations for Mall and Freestanding Store tenants.

Anchors either own their stores, the land under them and in some cases adjacent parking areas, or enter into long-term leases with an owner at rates that are typically lower than the rents charged to tenants of Mall and Freestanding Stores. Each Anchor which owns its own store, and certain Anchors which lease their stores, enter into reciprocal easement agreements with the owner of the Center covering, among other things, operational matters, initial construction and future expansion.

Anchors accounted for approximately 10.5% of the Company's total rent for the year ended December 31, 1997.

The following table identifies each Anchor, each parent company that owns multiple anchors and the number of square feet owned or leased by each such Anchor or parent company in the Company's portfolio at December 31, 1997, except as otherwise indicated:

NAME	NUMBER OF ANCHOR STORES	GLA OWNED BY ANCHOR	GLA LEASED BY ANCHOR	TOTAL GLA OCCUPIED BY ANCHOR
J.C. Penney	18	724,369	1,636,432	2,360,801
Sears	13	795,445	744,659	1,540,104
Dayton Hudson Corp.				
Mervyn's(1)	9	416,680	326,508	743,188
Target	2	--	267,341	267,341
Dayton's	1	115,193	--	115,193
Total	12	531,873	593,849	1,125,722
Federated Department Stores				
Macy's	7	930,844	411,599	1,342,443
Macy's Men's & Home	2	--	155,614	155,614
Macy's Men's & Juniors	2	--	146,906	146,906
Total	11	930,844	714,119	1,644,963
May Department Stores Co.				
Foley's	4	725,316	--	725,316
Hechts	2	140,000	100,000	240,000
Robinsons-May	2	146,250	362,852	509,102
Total	8	1,011,566	462,852	1,474,418
Montgomery Ward	8	476,714	581,770	1,058,484
Gottschalks	6	544,861	283,772	828,633
Dillard's	5	822,802	65,163	887,965
Herberger's	2	--	122,635	122,635
Belk	1	--	109,933	109,933
Boscov's	1	--	140,000	140,000
Burlington Coat Factory	1	--	133,650	133,650
Hennessy's	1	--	96,800	96,800
Home Depot	1	--	130,232	130,232
Joslins	1	--	93,270	93,270
Joslins Market	1	--	40,000	40,000
Mercantile Stores, Inc. O.J. De Lendrecies	1	188,000	--	188,000
Nordstrom	1	--	185,241	185,241
Wal-Mart(2)	1	210,000	--	210,000
ZCMI	1	--	200,000	200,000
Vacant(3)	2	--	171,023	171,023
	96	6,236,474	6,505,400	12,741,874

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(1) In February, 1998 the Company bought out the Mervyn's lease at Crossroads Mall in Boulder, Colorado and then the Company sold the former Mervyn's building to Sears. Sears is planning to renovate the former Mervyn's store and to open in the fall, 1998. The Company is currently negotiating with replacement tenants for the old Sears location.

(2) Wal-Mart purchased the former Broadway Store at Panorama Mall from Federated in March 1997 which had been vacant since February 1996. Wal-Mart commenced retrofit of the facility in October 1997 and plans to open its new facility in June 1998.

(3) J.C. Penney vacated its facility in County East in 1997. The Company is currently negotiating its replacement. At Crossroads Mall in Boulder, CO, the Company paid $3 million in 1997 to terminate the Montgomery Ward's lease. Gart Sports temporarily occupied this space through February 1998. The Company is currently negotiating with replacement tenants.

ENVIRONMENTAL MATTERS

Under various federal, state and local laws, ordinances and regulations, an owner of real estate may be liable for the cost of removal or remediation of certain hazardous or toxic substances on or in such property. Such laws often impose such liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous or toxic substances. The costs of investigation, removal or remediation of such substances may be substantial, and the presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent such property or to borrow using such property as collateral. Persons who arrange for the disposal or treatment of hazardous or toxic substances may also be liable for the costs of removal or remediation of a release of such substances at a disposal treatment facility, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for release of asbestos-containing materials (ACMs) into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the ownership (direct or indirect), operation, management and development of real properties, the Company may be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and therefore potentially liable for removal or remediation costs, as well as certain other related costs, including governmental fines and injuries to persons and property.

Each of the Centers has been subjected to a Phase I audit (which involves review of publicly available information and general property inspections, but does not involve soil sampling or ground water analysis) completed by an environmental consultant.

Based on these audits, and on other information, the Company is aware of the following environmental issues that are reasonably possible to result in costs associated with future investigation or remediation, or in environmental liability:

- ASBESTOS. The Company has conducted ACM surveys at various locations within the Centers. The surveys indicate that ACMs are present or suspected in certain areas, primarily vinyl floor tiles, mastics, roofing materials, drywall tape and joint compounds. The identified ACMs are generally non-friable, in good condition, and possess low probabilities for disturbance. At certain Centers where ACMs are present or suspected, however, some ACMs have been or may be classified as "friable," and ultimately may require removal under certain conditions. The Company has developed and implemented an operations and maintenance (O&M) plan to manage ACM in place.

- UNDERGROUND STORAGE TANKS. Underground storage tanks (USTs) are or were present at certain of the Centers, often in connection with tenant operations at gasoline stations or automotive tire, battery and accessory service centers located at such Centers. USTs also may be or have been present at properties neighboring certain Centers. Some of these tanks have either leaked or are suspected to have leaked. Where leakage has occurred, investigation, remediation, and monitoring costs may be incurred by the Company, if the responsible current or former tenant, or other responsible parties are unavailable to pay such costs.

- CHLORINATED HYDROCARBONS. The presence of chlorinated hydrocarbons such as perchloroethylene (PCE) and its degradation byproducts have been detected at certain of the Centers, often in connection with tenant dry cleaning operations. Where PCE has been detected, the Company may incur investigation, remediation and monitoring costs if responsible tenants, or other responsible parties, are unavailable to pay such costs.

PCE has been detected in soil and groundwater in the vicinity of a dry cleaning establishment at North Valley Plaza, which was sold to a third party on December 18, 1997. The California Department of Toxic Substance Control (DTSC) advised the Company in 1995 that very low levels of Dichlorethylene (1,2,DCE), a degradation byproduct of PCE, have been detected in a water well located 1/4 mile west from the dry cleaners, and that the dry cleaning facility may have contributed to the introduction of 1,2 DCE

into the water well. According to DTSC, the maximum contaminant level (MCL) for 1,2DCE which is permitted in drinking water is 6 parts per billion (ppb). The 1,2DCE which was detected in the water well at 1.2 ppb, is below the MCL. The Company has retained an environmental consultant and has initiated extensive testing of the site. Remediation began in October 1997. The joint venture that owned the property (of which the Company is a 50% general partner) agreed as between itself and the buyer, that it would be responsible for continuing to pursue the investigation and remediation of impacted soil and groundwater resulting from releases of PCE from the shopping center's former dry cleaner. $124,000 and $155,000 has already been incurred for remediation, and professional and legal fees in 1997 and 1996, respectively. An additional $561,000 remains reserved as of December 31, 1997. The Company has initiated cost recovery actions and intends to continue to look to responsible parties for recovery.

Toluene, a petroleum constituent, was detected in one of three groundwater dewatering system holding tanks at the Queens Center. Although the source of the tolulene has not been fully defined, the Company suspects the source to be either an adjacent automotive service station and/or a previous automotive service station, which operated on site prior to development of the mall. Toluene was detected at levels of 410 and 160 parts per billion (ppb) in samples taken from the tank in October, 1995 and February 1996, respectively. Additional samples were taken in May and December of 1996, with results of .63 ppb and "non-detect" for the May sampling event and 16.2 ppb and 25.2 ppb for the December sampling event. The maximum allowable contaminant level (MCL) for toluene in drinking water is 1000 ppb. Although the Company believes that no remediation will be required, it has set up a $150,000 reserve in 1996 to cover professional fees and testing costs, which was reduced by $18,000 of costs incurred in 1997. The Company intends to look to the responsible parties and insurers if remediation is required.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos has been detected in structural fireproofing throughout much of the Mall. Recent testing data conducted by a professional environmental consulting firm indicates that the fireproofing is largely inaccessible to building occupants and is well adhered to the structural members. Additionally, airborne concentrations of asbestos are well within OSHA's permissible exposure limit (PEL) of .1 fcc. The accounting for this acquisition included a reserve of $3.3 million to cover future removal of this asbestos, as necessary. $170,000 was incurred for abatement of this asbestos in 1997.

Dry cleaning chemicals including PCE were detected in soil and groundwater in the vicinity of a former dry cleaning establishment at Huntington Center. The release has been reported to the local government authorities. The Company has retained an environmental consultant and is conducting additional site assessment activities to attempt to determine the extent to which groundwater has been impacted. The Company estimates, based on the data currently available, that costs for assessment, remediation and legal services will not exceed $500,000. Consequently, at the time of the acquisition, the Company established a $500,000 reserve to cover professional and legal fees. $9,000 and $6,000 has been incurred for remediation in 1997 and 1996, respectively. The Company intends to look to responsible parties and insurers for cost recovery.

EMPLOYEES

The Company and the Management Companies employ approximately 1,264 persons, including eight executive officers, personnel in the areas of acquisitions and business development (5), property management (115), leasing (30), redevelopment/construction (17), financial services (28) and legal affairs (10). In addition, in an effort to minimize operating costs, the Company generally maintains its own security staff (401) and maintenance staff (650). Approximately 6 of these employees are represented by a union. The Company believes that relations with its employees are good.

ITEM 2. PROPERTIES The following table sets forth certain information about each of the Centers:

NAME OF CENTER/ LOCATION(1)	YEAR OF ORIGINAL CONSTRUCTION/ ACQUISITION	YEAR OF MOST RECENT EXPANSION/ RENOVATION	TOTAL GLA(2)	MALL AND FREE-STANDING GLA	DECEMBER 31, 1997- PERCENTAGE OF MALL AND FREE-STANDING GLA LEASED
Boulder Plaza ..... Boulder, Colorado	1969 / 1989	1991	158,997	158,997	100.0%
Bristol Shopping Center(4) ..... Santa Ana, California	1966 / 1986	1992	165,682	165,682	91.6%
Broadway Plaza(4) ..... Walnut Creek, California	1951 / 1985	1994	679,427	233,930	98.0%
Capitola Mall(4) ..... Capitola, California	1977 / 1995	1988	585,340	205,623	96.3%
Chesterfield Towne Center ..... Richmond, Virginia	1975 / 1994	1997	817,290	396,097	94.5%
County East Mall ..... Antioch, California	1966 / 1986	1989	488,883	170,323	91.9%
Crossroads Mall(4) ..... Boulder, Colorado	1963 / 1979	1986	809,004	365,567	80.6%
Crossroads Mall ..... Oklahoma City, Oklahoma	1974 / 1994	1991	1,112,470	372,782	84.9%
Fresno Fashion Fair ..... Fresno, California	1970 / 1996	1983	881,394	320,513	97.9%
Greeley Mall ..... Greeley, Colorado	1973 / 1986	1987	585,044	241,682	80.6%
Green Tree Mall(4) ..... Clarksville, Indiana	1968 / 1975	1995	782,687	338,691	85.3%
Holiday Village Mall(4) ..... Great Falls, Montana	1959 / 1979	1992	491,711	269,842	89.9%
Lakewood Mall ..... Lakewood, California	1953 / 1975	1996	1,804,489	860,840	98.3%
Northgate Mall ..... San Rafael, California	1964 / 1986	1987	744,020	273,689	89.8%
Panorama Mall ..... Panorama, California	1955 / 1979	1980	369,742	159,742	96.8%
Parklane Mall(4) ..... Reno, Nevada	1967 / 1978	1997	448,727	319,007	91.8%
Queens Center ..... Queens, New York	1973 / 1995	1991	625,677	157,534	100.0%

NAME OF CENTER/ LOCATION(1)	ANCHORS	1997 SALES PER SQUARE FOOT(3)
Boulder Plaza ..... Boulder, Colorado	--	$ 332
Bristol Shopping Center(4) ..... Santa Ana, California	--	369
Broadway Plaza(4) ..... Walnut Creek, California	Macy's, Nordstrom, Macy's Men's and Juniors,	433
Capitola Mall(4) ..... Capitola, California	Gottschalks, J.C. Penney, Mervyn's, Sears	287
Chesterfield Towne Center ..... Richmond, Virginia	Hecht's, Belk, Dillard's, Sears,	309
County East Mall ..... Antioch, California	Sears, Gottschalks, Mervyn's(5)	236
Crossroads Mall(4) ..... Boulder, Colorado	Foley's, J.C. Penney, Mervyn's, Sears(6)	265
Crossroads Mall ..... Oklahoma City, Oklahoma	Dillards, Foley's, J.C. Penney, Montgomery Ward	211
Fresno Fashion Fair ..... Fresno, California	Gottschalks, J.C. Penney, Macy's, Macy's Men's and Children	297
Greeley Mall ..... Greeley, Colorado	J.C. Penney, Sears, Joslins, Joslins Market Centre, Montgomery Ward	215
Green Tree Mall(4) ..... Clarksville, Indiana	Dillard's, J.C. Penney, Sears, Target	309
Holiday Village Mall(4) ..... Great Falls, Montana	Herberger's, J.C. Penney, Sears, Montgomery Ward	268
Lakewood Mall ..... Lakewood, California	Home Depot, J.C. Penney, Mervyn's, Montgomery Ward, Robinsons-May	318
Northgate Mall ..... San Rafael, California	Macy's, Mervyns, Sears	281
Panorama Mall ..... Panorama, California	Wal-Mart(7)	339
Parklane Mall(4) ..... Reno, Nevada	Gottschalks	261
Queens Center ..... Queens, New York	J.C. Penney, Macy's	690

NAME OF CENTER/ LOCATION(1)	YEAR OF ORIGINAL CONSTRUCTION/ ACQUISITION	YEAR OF MOST RECENT EXPANSION/ RENOVATION	TOTAL GLA(2)	MALL AND FREE-STANDING GLA	DECEMBER 31, 1997- PERCENTAGE OF MALL AND FREE-STANDING GLA LEASED
Rimrock Mall ..... Billings, Montana	1978 / 1996	1980	581,688	266,248	92.1%
Salisbury, Centre at ..... Salisbury, Maryland	1990 / 1995	1990	883,791	278,810	89.9%
Valley View Center ..... Dallas, Texas	1973 / 1996	1996	1,519,453	461,556	86.1%
Villa Marina Marketplace ..... Marina Del Rey, California	1972 / 1996	1995	448,517	448,517	96.5%
Vintage Faire Mall ..... Modesto, California	1977 / 1996	--	1,051,458	351,539	89.4%
West Acres ..... Fargo, North Dakota	1972 / 1986	1992	908,841	356,286	98.1%
Total/Average at December 31, 1997*.....			16,944,332	7,173,497	92.1%
1997 Acquisition Centers					
The Citadel ..... Colorado Springs, Colorado	1972 / 1997	1995	1,044,852	449,512	83.6%
Great Falls Marketplace ..... Great Falls, Montana	1997 / 1997	--	143,570	143,570	100.0%
Manhattan Village Shopping Ctr.(4) ..... Manhattan Beach, California	1981 / 1997	1992	551,685	375,631	97.3%
South Towne Center ..... Sandy, Utah	1987 / 1997	1997	1,240,143	463,346	90.5%
Stonewood Mall(4) ..... Downey, California	1953 / 1997	1991	927,218	356,471	89.4%
Total/Average 1997 Acquisitions.....			3,907,468	1,788,530	90.7%
Total/Average at December 31, 1997**.....			20,851,800	8,962,027	91.8%

NAME OF CENTER/ LOCATION(1)	ANCHORS	1997 SALES PER SQUARE FOOT(3)
Rimrock Mall ..... Billings, Montana	Herbergers, Hennessy's, J.C. Penney, Montgomery Ward	$ 248
Salisbury, Centre at ..... Salisbury, Maryland	Boscov's, J.C. Penney, Hechts, Montgomery Ward, Sears	277
Valley View Center ..... Dallas, Texas	Dillard's, Foleys, J.C. Penney, Sears	237
Villa Marina Marketplace ..... Marina Del Rey, California	--	402
Vintage Faire Mall ..... Modesto, California	Gottschalks, J.C. Penney, Macy's, Macy's Men's & Home, Sears	293
West Acres ..... Fargo, North Dakota	Daytons, J.C. Penney, O.J. De Lendrecies, Sears	347
Total/Average at December 31, 1997*.....		$ 310
1997 Acquisition Centers		
The Citadel ..... Colorado Springs, Colorado	Dillard's, Foley's, J.C. Penney, Mervyn's	$ 273
Great Falls Marketplace ..... Great Falls, Montana	--	(8)
Manhattan Village Shopping Ctr.(4) ..... Manhattan Beach, California	Macy's, Macy's Men's & Home	643
South Towne Center ..... Sandy, Utah	Dillard's, J.C. Penney, Mervyn's, Target, ZCMI	220
Stonewood Mall(4) ..... Downey, California	J.C. Penney, Mervyn's, Robinsons-May, Sears	272
Total/Average 1997 Acquisitions.....		$ 342
Total/Average at December 31, 1997**.....		$ 317

NAME OF CENTER/ LOCATION(1)	YEAR OF ORIGINAL CONSTRUCTION/ ACQUISITION	YEAR OF MOST RECENT EXPANSION/ RENOVATION	TOTAL GLA(2)	MALL AND FREE-STANDING GLA	DECEMBER 31, 1997- PERCENTAGE OF MALL AND FREE-STANDING GLA LEASED
MAJOR REDEVELOPMENT PROPERTIES					
Buenaventura Mall ..... Ventura, California	1965 / 1996	1997	801,277	345,941	(9)
Huntington Center ..... Huntington Beach, California	1965 / 1996	1997	683,382	286,617(10)	(9)
TOTAL MAJOR REDEVELOPMENT CENTERS			1,484,659	632,558	
TOTAL/AVERAGE AT DECEMBER 31, 1997***			22,336,459	9,594,585	
1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)					
Eastland Mall(4) ..... Evansville, IN	1978 / 1998	1995	1,085,280	544,016	95.2%
Empire Mall(4) ..... Sioux Falls, SD	1975 / 1998	1988	1,334,557	632,535	91.9%
Granite Run Mall ..... Media, PA	1974 / 1998	1993	1,036,359	535,950	90.8%
Lake Square Mall ..... Leesburg, FL	1980 / 1998	1992	560,671	264,634	87.6%
Lindale Mall ..... Cedar Rapids, IA	1963 / 1998	1997	691,940	386,377	92.0%
Mesa Mall ..... Grand Junction, CO	1980 / 1998	1991	851,354	425,537	93.6%
NorthPark Mall ..... Davenport, IA	1973 / 1998	1994	1,066,818	415,285	83.8%
Rushmore Mall ..... Rapid City, SD	1978 / 1998	1992	837,255	366,595	81.8%
Southern Hills Mall ..... Sioux City, IA	1980 / 1998	--	752,588	439,011	94.7%
SouthPark Mall ..... Moline, IL	1974 / 1998	1990	1,034,542	456,486	90.3%

NAME OF CENTER/ LOCATION(1)	ANCHORS	1997 SALES PER SQUARE FOOT(3)
MAJOR REDEVELOPMENT PROPERTIES		
Buenaventura Mall ..... Ventura, California	J.C. Penney, Macy's, Montgomery Ward	269
Huntington Center ..... Huntington Beach, California	Mervyn's, Burlington Coat Factory Montgomery Ward	328
TOTAL MAJOR REDEVELOPMENT CENTERS		$ 294
TOTAL/AVERAGE AT DECEMBER 31, 1997***		$ 315
1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)		
Eastland Mall(4) ..... Evansville, IN	J.C. Penney, Lazarus, Famous Barr, DeJong	(11)
Empire Mall(4) ..... Sioux Falls, SD	Best(12), Younkers, J.C. Penney, Sears, Dayton's, Kohl's, Target	(11)
Granite Run Mall ..... Media, PA	J.C. Penney, Sears, Boscov's	(11)
Lake Square Mall ..... Leesburg, FL	Belk-Lindsey, Sears, J.C. Penney, Target	(11)
Lindale Mall ..... Cedar Rapids, IA	Younker's, VonMaur, Sears	(11)
Mesa Mall ..... Grand Junction, CO	Sears, Herberger's, J.C. Penney, Mervyn's, Target	(11)
NorthPark Mall ..... Davenport, IA	Younkers, VonMaur, J.C. Penney, Sears, Montgomery Ward	(11)
Rushmore Mall ..... Rapid City, SD	Best(12), J.C. Penney, Sears, Herberger's, Target	(11)
Southern Hills Mall ..... Sioux City, IA	Younker's, Sears, Target	(11)
SouthPark Mall ..... Moline, IL	J.C. Penney, Sears, Younkers, VonMaur, Montgomery Ward	(11)

NAME OF CENTER/ LOCATION(1)	YEAR OF ORIGINAL CONSTRUCTION/ ACQUISITION	YEAR OF MOST RECENT EXPANSION/ RENOVATION	TOTAL GLA(2)	MALL AND FREE-STANDING GLA	DECEMBER 31, 1997 PERCENTAGE OF MALL AND FREE- STANDING GLA LEASED
SouthRidge Mall(4) ..... Des Moines, IA	1975 / 1998	1992	993,875	536,523	75.0%
Valley Mall ..... Harrisonburg, VA	1978 / 1998	1992	482,348	196,285	97.6%
1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)			10,727,587	5,199,234	89.3%
GRAND TOTAL/AVERAGE			33,064,046	14,793,819	90.9%

NAME OF CENTER/ LOCATION(1)	ANCHORS	1997 SALES PER SQUARE FOOT(3)
SouthRidge Mall(4) ..... Des Moines, IA	Sears, Younkers, J.C. Penney, Target, Montgomery Ward	(11)
Valley Mall ..... Harrisonburg, VA	J.C. Penney, Leggett, Watson's, Wal-Mart	(11)
1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)		
GRAND TOTAL/AVERAGE		

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* EXCLUDING 1997 ACQUISITIONS, REDEVELOPMENT PROPERTIES AND 1998 ACQUISITIONS

** EXCLUDING REDEVELOPMENT PROPERTIES AND 1998 ACQUISITIONS

*** EXCLUDING 1998 ACQUISITIONS

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(1) The land underlying thirty of the Centers is owned in fee entirely by the Company or, in the case of jointly-owned Centers, by the property partnership. All or part of the land underlying the remaining Centers is owned by third parties and leased to the Company or property partnership pursuant to long-term ground leases. Under the terms of a typical ground lease, the Company or property partnership pays rent for the use of the land and is generally responsible for all costs and expenses associated with the building and improvements. In some cases, the Company or property partnership has an option or right of first refusal to purchase the land. The termination dates of the ground leases range from 2000 to 2070. All centers are wholly owned by Company or its subsidiaries, except for Broadway Plaza (50%), Panorama Mall (50%), West Acres (19%), Manhattan Village Shopping Center (10%) and the ERE Yarmouth Portfolio (50%).

(2) Includes GLA attributable to Anchors (whether owned or non-owned) and Mall and Freestanding Stores as of December 31, 1997.

(3) Sales are based on reports by retailers leasing Mall and Freestanding Stores for the year ending December 31, 1997 for tenants which have occupied such stores for a minimum of twelve months. Consistent with industry practices, sales per square foot are based on gross leased and occupied area, excluding theaters, and are not based on GLA.

(4) Portions of the land on which the Center is situated are subject to one or more ground leases.

(5) J.C. Penney vacated its facility in the Center in 1997. The Company is currently in negotiations with a replacement tenant.

(6) The Company paid $3 million in 1997 to terminate the Montgomery Ward's lease. Gart Sports is temporarily occupying this space until February 1998. In addition, the Company bought the Mervyn's building in February, 1998 and sold it to Sears. Sears will occupy the former Mervyn's store and the Company will recapture the existing Sears building. The Company is currently negotiating with other tenants to occupy these locations.

(7) The Broadway Store ceased operations in February 1996. Wal-Mart purchased the former Broadway store from Federated in March 1997, commenced retrofit of the building in October 1997 and plans to open its new facility in June 1998.

(8) Spaces comprising Total GLA at December 31, 1997 have only been developed and leased within fourth quarter of 1997 and, therefore, comparable sales figures are not available for presentation in accordance with the presentation methodology outlined in footnote (3).

(9) Certain spaces have been intentionally held off the market and remain vacant due to major redevelopment strategy. As a result, the Company believes the percentage of mall and free-standing GLA leased at these major redevelopments is not meaningful data.

(10) Edwards Cinema signed a lease in January 1997 to occupy the former Broadway location. Edwards is expected to open a 21 screen theater complex on that site in November 1999.

(11) Sales per square foot information not currently available.

(12) The Company is contemplating various replacement tenant/redevelopment opportunities for these vacant sites.

MORTGAGE DEBT

The following table sets forth certain information regarding the mortgages encumbering the Centers, including those Centers in which the Company has less than a 100% interest. All mortgage debt is nonrecourse to the Company. The information set forth below is for properties owned as of December 31, 1997.

PROPERTY PLEDGED AS COLLATERAL	FIXED OR FLOATING	ANNUAL INTEREST RATE	PRINCIPAL BALANCE (000'S)	ANNUAL DEBT SERVICE (000'S)	MATURITY DATE	BALANCE DUE ON MATURITY (000'S)	EARLIEST DATE ON WHICH ALL NOTES CAN BE PREPAID
Capitola Mall	Fixed	9.25%	$ 37,675	3,801	12/15/01	$ 36,193	Any Time
Chesterfield Towne Center(1)	Fixed	9.10%	65,708	6,580	1/1/24	1,087	1/1/24(2)
Chesterfield Towne Center	Fixed	8.54%	3,359	376	11/1/99	3,183	Any Time
Citadel	Fixed	7.20%	75,600	6,528	1/1/08	59,962	Any Time
Crossroads Mall--Boulder	Fixed	7.08%	35,638	2,928	12/15/10	28,107	12/15/01
Fresno Fashion Fair	Fixed	8.40%	38,000	3,165	10/1/01	38,000	Any Time
Greeley Mall	Fixed	8.50%	17,815	2,245	9/15/03	12,519	Any Time
Green Tree Mall/ Crossroads--OK/Salisbury	Fixed	7.23%	117,714	8,499	3/16/04	117,174	Any Time
Holiday Village	Fixed	6.75%	17,000	1,147	4/1/01	17,000	1/10/99
Lakewood Mall	Fixed	7.20%	127,000	9,081	8/10/05	127,000	Any Time
Northgate Mall	Fixed	6.75%	25,000	1,688	4/1/01	25,000	1/10/99
Parklane Mall	Fixed	6.75%	20,000	1,350	4/1/01	20,000	Any Time
Queens Center	Floating	(3)	65,100	(3)	3/31/99	51,000	Any Time
Rimrock Mall	Fixed	7.70%	31,517	2,924	1/1/03	28,496	Any Time
South Towne Center	Floating	(4)	65,000	(4)	10/10/08	65,000	Any Time
Valley View Mall	Fixed	7.89%	51,000	4,024	11/1/06	51,000	Any Time
Villa Marina Marketplace	Fixed	7.23%	58,000	4,193	10/10/06	58,000	Any Time
Vintage Faire Mall	Fixed	7.65%	55,433	5,116	1/1/03	50,089	Any Time
Total--Wholly Owned Centers			906,559				
Joint Venture Centers:							
Broadway Plaza (50%)(5)	Fixed	6.84%	21,750	1,487	5/5/98	21,750	Any Time
West Acres Center (19%)(5)	Fixed	8.96%	7,170	648	7/15/99	6,613	
Total--All Centers			$ 935,479				

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Notes:

(1) The annual debt service payment represents the payment of principal and interest. In addition, contingent interest, as defined in the loan agreement, may be due to the extent that 35% of the gross receipts (as defined in the loan agreement) exceeds a base amount specified therein. Contingent interest recognized was $398,619 for the year ended December 31, 1996 and $98,528 for the year ended December 31, 1997.

(2) No prepayment except under certain circumstances in the event of the sale of the Center.

(3) The interest rate is LIBOR plus .45%. LIBOR was 5.81% at December 31, 1997. There is an interest rate cap on $10 million of this debt at a LIBOR strike rate of 5.88% through maturity. The remaining principal has an interest rate cap with a LIBOR strike rate of 7.7%.

(4) At December 31, 1997 this loan was at LIBOR plus 1%, which totaled 6.9%. In February 1998, this loan was converted to a 10 year loan at a fixed rate of 6.62%, maturing in February 2008.

(5) Reflects the Company's pro rata share of debt.

The Company, at December 31, 1997, had a $60 million unsecured credit facility with a financial institution which bears interest at approximately LIBOR plus 1.325% or the institution's prime rate. There was $55 million outstanding on this facility as of December 31, 1997 and $12 million outstanding as of December 31, 1996. The Company increased this credit facility to $150 million on February 26, 1998 to partially fund the ERE Yarmouth portfolio.

In addition to the above debt, the Company has also issued $161.4 million of unsecured subordinated convertible debentures due in December 2002. The debentures bear interest at 7.25% and are convertible into shares of common stock of the Company at a conversion price of $31.125.

ITEM 3. LEGAL PROCEEDINGS.

The Company, the Operating Partnership, the Management Companies and the affiliated partnerships are not currently involved in any material litigation nor, to the Company's knowledge, is any material litigation currently threatened against such entities or the Centers, other than routine litigation arising in the ordinary course of business, most of which is expected to be covered by liability insurance. For information about certain environmental matters, see "Business of the Company--Environmental Matters."

ITEM 4. SUBMISSION OF MATTER TO A VOTE OF SECURITY HOLDERS.

None.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The common stock of the Company is listed and traded on the New York Stock Exchange ("NYSE") under the symbol "MAC". The common stock began trading on March 10, 1994 at a price of $19 per share. In 1997 the Company's shares traded at a high of $29.6875 and a low of $24.875.

As of March 4, 1998 there were approximately 241 shareholders of record. The following table shows high and low closing prices per share of common stock for each quarter in 1996 and 1997 and dividends/ distributions per share of common stock declared and paid by quarter.

	MARKET QUOTATION PER SHARE		DIVIDENDS/ DISTRIBUTIONS
QUARTERS ENDED	HIGH	LOW	DECLARED AND PAID
March 31, 1996	$ 201/8	$ 191/4	$ 0.42
June 30, 1996	211/4	19	0.42
September 30, 1996	227/8	20	0.42
December 31, 1996	261/8	213/4	0.44
March 31, 1997	295/8	253/8	0.44
June 30, 1997	287/8	247/8	0.44
September 30, 1997	2911/16	271/8	0.44
December 31, 1997	299/16	246/8	0.46

In June and July 1997, the Company sold a total of $161.4 million of its 7 1/4% Convertible Subordinated Debentures due 2002 (the "Debentures"). The Debentures were offered and sold only (1) outside the U.S. in accordance with Regulation S under the Securities Act of 1933, as amended (the "Securities Act"), and (2) inside the U.S. to qualified institutional buyers in accordance with Rule 144A under the Securities Act. Lazard Capital Markets, Lehman Brothers International (Europe) and UBS Limited agreed to purchase the Debentures at a purchase price of 100% of the principal amount, less an aggregate offering discount of 2.5% (plus reimbursement of expenses). The Debentures are convertible, at any time on or after 60 days from the date of issue at a conversion price of $31.125 per share. The net proceeds of $157.4 million were used primarily to repay floating rate debt and for general corporate purposes. On December 22, 1997, the Company filed a shelf registration statement (File No. 333-38721) with respect to $119.4 million of the Debentures.

On February 25, 1998, the Company sold $100 million of its Series A Cumulative Convertible Redeemable Preferred Stock, par value $0.01 per share (the "Series A Preferred Stock") in a private placement to Security Capital Preferred Growth Incorporated ("SCPG"), an accredited investor, pursuant to Section 4(2) of the Securities Act. In connection with the transaction, the Company paid a placement fee of $1 million to an affiliate of SCPG. The Series A Preferred Stock can be converted into shares of common stock on a one-for-one basis. The proceeds from the sale of the Series A Preferred Stock were used to acquire the ERE Yarmouth portfolio.

ITEM 6. SELECTED FINANCIAL DATA.

The following sets forth selected financial data for the Company on a historical and pro forma consolidated basis, and for the Centers and the Management Companies (collectively, the "Predecessor"), on an historical combined basis. The following data should be read in conjunction with the financial statements (and the notes thereto) of the Company and "Management's Discussion And Analysis of Financial Condition and Results of Operations" each included elsewhere in this Form 10-K.

The pro forma data for the Company for the year ended December 31, 1994 has been prepared as if the IPO and the transactions related to the reorganization of the Operating Partnership and formation of the Company (the "Formation") and the application of the net proceeds of the IPO had occurred as of

January 1, 1994. The pro forma information is not necessarily indicative of what the Company's financial position or results of operations would have been assuming the completion of the Formation and IPO at the beginning of the period indicated, nor does it purport to project the Company's financial position or what results of operations would have been assuming the completion of the Formation and the IPO at the beginning of the period indicated, nor does it purport to project the Company's financial position or results of operations at any future date or for any future period.

The Selected Financial Data is presented on a combined basis. The limited partnership interests in the Operating Partnership (not owned by the REIT) are reflected in the pro forma data as minority interest. Centers in which the Company does not have a greater than 50% ownership interest (Panorama Mall, North Valley Plaza, Broadway Plaza, Manhattan Village and West Acres Shopping Center) are referred to as the "Joint Venture Centers", and along with the Management Companies, are reflected in the selected financial data under the equity method of accounting. Accordingly, the net income from the Joint Venture Centers and the Management Companies that is allocable to the Company is included in the statement of operations as Equity in income (loss) of unconsolidated joint ventures and management companies.

	THE COMPANY					PREDECESSOR	
	1997	1996	1995	PRO FORMA AS REPORTED FOR 1994	MARCH 16 TO DEC 31,1994	JANUARY 1 TO MAR 15,1994	1993
	(ALL AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA AND NUMBER OF CENTERS)						
Operating Data:							
Revenues:							
Minimum rents	$ 142,251	$ 99,061	$ 69,253	$ 59,640	$ 48,663	$ 9,993	$ 49,219
Percentage rents	9,259	6,142	4,814	4,906	3,681	851	3,550
Tenant recoveries	66,499	47,648	26,961	22,690	18,515	3,108	16,320
Management fee income(2)	--	--	--	--	--	528	2,658
Other	3,205	2,208	1,441	921	582	100	766
Total revenues	221,214	155,059	102,469	88,157	71,441	14,580	72,513
Shopping center expenses	70,901	50,792	31,580	28,373	22,576	4,891	23,881
Management, leasing and development services (2)	--	--	--	--	--	557	2,084
REIT general and administrative expenses	2,759	2,378	2,011	1,954	1,545	--	--
Depreciation and amortization	41,535	32,591	25,749	23,195	18,827	3,642	16,385
Interest expense	66,407	42,353	25,531	19,231	16,091	6,146	27,783
Income (loss) before minority interest, unconsolidated entities and extraordinary item	39,612	26,945	17,598	15,404	12,402	(656)	2,380
Minority interest(1)	(10,567)	(10,975)	(8,246)	(8,008)	(6,792)	--	--
Equity in income (loss) of unconsolidated joint ventures and management companies (2)	(8,063)	3,256	3,250	3,054	3,016	(232)	(178)
Gain on sale of assets	1,619	--	--	--	--	--	--
Extraordinary loss on early extinguishment of debt	(555)	(315)	(1,299)	--	--	--	--
Net income (loss)	$ 22,046	$ 18,911	$ 11,303	$ 10,450	$ 8,626	($ 888)	$ 2,202
Earnings per share--basic:(3)							
Income before extraordinary item	$ 0.86	$ 0.92	$ 0.78	$ 0.72	$ 0.60	N/A	N/A
Extraordinary item	(0.01)	(0.01)	(0.05)	--	--	N/A	N/A
Net income per share--basic	$ 0.85	$ 0.91	$ 0.73	$ 0.72	$ 0.60	N/A	N/A
Earnings per share--diluted:(8)							
Income before extraordinary item	$ 0.85	$ 0.90	$ 0.78	$ 0.72	$ 0.60	N/A	N/A
Extraordinary item	(0.01)	(0.01)	(0.05)	--	--	N/A	N/A
Net income per share--diluted	$ 0.84	$ 0.89	$ 0.73	$ 0.72	$ 0.60	N/A	N/A

	1997	1996	1995	PRO FORMA AS REPORTED FOR 1994	MARCH 16 TO DEC 31,1994	JANUARY 1 TO MAR 15,1994	1993
	(ALL AMOUNTS IN THOUSANDS EXCEPT PER SHARE DATA AND NUMBER OF CENTERS)						
Other Data:							
Funds from operations--basic(4)....	$ 83,188	$ 62,428	$ 44,938	$ 39,343	$ 32,710	N/A	N/A
The Company's share of FFO--basic(5).....	$ 56,233	$ 39,502	$ 25,982	$ 22,011	$ 18,300	N/A	N/A
EBITDA(6).....	$ 147,554	$ 101,889	$ 68,878	$ 57,592	$ 47,320	N/A	N/A
Cash flows from (used in):							
Operating activities.....	$ 78,476	$ 80,431	$ 48,186	N/A	$ 30,011	N/A	N/A
Investing activities.....	$(215,006)	$(296,675)	$ (88,413)	N/A	$ (137,637)	N/A	N/A
Financing activities.....	$ 146,041	$ 216,317	$ 51,973	N/A	$ 99,584	N/A	N/A
Number of centers at year end.....	30	26	19	16	16	14	14
Weighted average number of shares outstanding--basic(7).....	37,982	32,934	26,930	25,645	25,714	N/A	N/A
Weighted average number of shares outstanding--diluted(7)(8).....	38,403	33,320	26,984	25,771	25,840	N/A	N/A
Cash distributions declared per common share.....	$ 1.78	$ 1.70	$ 1.66	N/A	$ .87	N/A	N/A

	THE COMPANY				PREDECESSOR
	DECEMBER 31,				
	1997	1996	1995	1994	1993
	(ALL AMOUNTS IN THOUSANDS)				
BALANCE SHEET DATA:					
Investment in real estate (before accumulated depreciation).....	$1,607,429	$1,273,085	$ 833,998	$ 554,788	$ 375,972
Total assets.....	$1,505,002	$1,187,753	$ 763,398	$ 485,903	$ 314,591
Total mortgage and notes payable.....	$1,122,959	$ 789,239	$ 485,193	$ 313,632	$ 372,817
Minority interest(1).....	$ 100,463	$ 112,242	$ 95,740	$ 72,376	$ --
Partners' deficit.....	$ --	$ --	$ --	$ --	$ (88,294)
Stockholders' equity.....	$ 216,295	$ 237,749	$ 158,345	$ 86,939	$ --

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(1) "Minority Interest" reflects the ownership interest in the Operating Partnership not owned by the REIT.

(2) Unconsolidated joint ventures include all Centers that the Company does not wholly own and the Management Companies. The Management Companies on a pro forma basis and after March 15, 1994 have been reflected on the equity method.

(3) Earnings per share is based on SFAS No. 128 for all years presented.

(4) Funds from operations ("FFO") represents net income (loss) (computed in accordance with generally accepted accounting principles ("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 costs), and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities are calculated on the same basis. FFO does not represent cash flow from operations as defined by GAAP and is not necessarily indicative of cash available to fund all cash flow needs.

(5) The Company's share of FFO represents the Company's weighted average ownership of the Operating Partnership multiplied by total FFO.

(6) EBITDA represents earnings before interest, income taxes, depreciation, amortization, minority interest, equity in income (loss) of unconsolidated entities, extraordinary items and gain (loss) on sale of assets. This data is relevant to an understanding of the economics of the shopping center business as it indicates cash flow available from operations to service debt and satisfy certain fixed obligations. EBITDA should not be construed by the reader 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.

(7) Assumes that all OP Units are converted to common stock.

(8) Assumes issuance of common stock for in-the-money options and restricted stock calculated using the Treasury method in accordance with SFAS No. 128 for all years presented.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL BACKGROUND AND PERFORMANCE MEASUREMENT

The Company believes that the most significant measures of its operating performance are Funds from Operations and EBITDA. Funds from Operations is defined as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales of real property, plus depreciation and amortization (excluding depreciation on personal property and amortization of loan and financial instrument costs), and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities are calculated on the same basis. Funds from Operations does not represent cash flow from operations as defined by GAAP and is not necessarily indicative of cash available to fund all cash flow needs.

EBITDA represents earnings before interest, income taxes, depreciation, amortization, minority interest, income in unconsolidated entities, extraordinary items and gain (loss) on sale of assets. This data is relevant to an understanding of the economics of the shopping center business as it indicates cash flow available from operations to service debt and satisfy certain fixed obligations. 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. While the performance of individual Centers and the Management Companies determines EBITDA, the Company's capital structure also influences Funds from Operations. The most important component in determining EBITDA and Funds from Operations is Center revenues. Center revenues consist primarily of minimum rents, percentage rents and tenant expense recoveries. Minimum rents will increase to the extent that new leases are signed at market rents that are higher than prior rents. Minimum rent will also fluctuate up or down with changes in the occupancy level. Additionally, to the extent that new leases are signed with more favorable expense recovery terms, expense recoveries will increase.

Percentage rents generally increase or decrease with changes in tenant sales. As leases roll over, however, a portion of historical percentage rent is often converted to minimum rent. It is therefore common for percentage rents to decrease as minimum rents increase. Accordingly, in discussing financial performance, the Company combines minimum and percentage rents in order to better measure revenue growth.

The following discussion is based primarily on the consolidated financial statements of the Company for the years ended December 31, 1997, 1996 and 1995. The following discussion compares the activity for the year ended December 31, 1997 to results of operations for 1996. Also included is a comparison of the activities for the year ended December 31, 1996 to the results for the year ended December 31, 1995.

This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

This annual report on Form 10-K contains or incorporates statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Those statements appear in a number of places in this Form 10-K and include statements regarding, among other matters, the Company's growth opportunities, the Company's acquisition strategy, regulatory matters pertaining to compliance with governmental regulations and other factors affecting the Company's financial condition or results of operations. Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors which may cause actual results, performance or achievements to differ materially from the future results, performance or achievements, expressed or implied in such forward looking statements.

The following table reflects the Company's acquisitions in 1995, 1996 and 1997:

	DATE ACQUIRED	LOCATION
"1995 ACQUISITION CENTERS":		
The Centre at Salisbury	August 15, 1995	Salisbury, Maryland
Capitola Mall	December 21, 1995	Capitola, California
Queens Center	December 28, 1995	Queens, New York
"1996 ACQUISITION CENTERS":		
Villa Marina Marketplace	January 25, 1996	Marina Del Rey, California
Valley View Center	October 21, 1996	Dallas, Texas
Rimrock Mall	November 27, 1996	Billings, Montana
Vintage Faire Mall	November 27, 1996	Modesto, California
Buenaventura Mall	December 18, 1996	Ventura, California
Fresno Fashion Fair	December 18, 1996	Fresno, California
Huntington Center	December 18, 1996	Huntington Beach, California
"1997 ACQUISITION CENTERS":		
South Towne Center	March 27, 1997	Sandy, Utah
Stonewood Mall	August 6, 1997	Downey, California
Manhattan Village Shopping Center	August 19, 1997	Manhattan Beach, California
The Citadel Mall	December 19, 1997	Colorado Springs, Colorado
Great Falls Marketplace	December 31, 1997	Great Falls, Montana

The financial statements include the results of these centers for periods subsequent to their acquisition.

Many of the variations in the results of operations, discussed below, occurred due to the addition of these properties to the portfolio during 1997 and 1996. Many factors, such as the availability and cost of capital, overall debt to market capitalization level, interest rates and availability of potential acquisition targets that meet the Company's criteria, impact the Company's ability to acquire additional properties. Accordingly, management is uncertain as to whether during the balance of 1998, and in future years, there will be similar acquisitions and corresponding increases in revenues, net income and funds from operations that occurred as a result of the addition of the 1997 and 1996 Acquisition Centers. All other centers are referred to herein as the "Same Centers".

The bankruptcy and/or closure of retail stores, particularly Anchors, may reduce customer traffic and cash flow generated by a Center. During 1997, Montgomery Ward filed bankruptcy. The Company has 11 Montgomery Ward stores in its portfolio. Montgomery Ward has not yet disclosed whether they will cease operating any of their stores in the Company's centers. The long-term closure of these or other stores could adversely affect the Company's performance.

In addition, the Company's success in the highly competitive real estate shopping center business depends upon many other factors, including general economic conditions, the ability of tenants to make rent payments, increases or decreases in operating expenses, occupancy levels, changes in demographics, competition from other centers and forms of retailing and the ability to renew leases or relet space upon the expiration or termination of leases.

ASSETS AND LIABILITIES

Total assets increased to $1,505 million at December 31, 1997 compared to $1,188 million at December 31, 1996 and $763 million at December 31, 1995. During that same period, total liabilities increased from $509 million in 1995 to $838 million in 1996 and $1,188 million in 1997. These changes were primarily as a result of the 1996 and 1995 common stock offerings, the 1997 convertible debenture offering,

the purchase of the 1997, 1996 and 1995 Acquisition Centers and related debt transactions described below.

A. CONVERTIBLE DEBENTURE OFFERING

On June 27, 1997, the Company issued and sold $150 million of convertible subordinated debentures due 2002 and an additional $11.4 million of debentures were sold in July 1997 ("the Debentures"). The Debentures, which were sold at par, bear interest at 7.25% annually (payable semi-annually) and are convertible into shares of the Company's common stock at any time, on or after 60 days, from the date of issue at a conversion price of $31.125 per share. The Debentures mature on December 15, 2002 and are callable by the Company after June 15, 2002 at par plus accrued interest. The net proceeds from the sale of the Debentures of $157.4 million were used to repay floating rate debt and for general corporate purposes.

B. ACQUISITIONS

South Towne Center was acquired on March 27, 1997. South Towne Center is a 1,240,143 square foot super regional mall located in Sandy, Utah. The purchase price was $98 million, consisting of $52 million of cash and $46 million of assumed mortgage indebtedness.

Stonewood Mall is a 927,218 square foot super regional mall in Downey, California, which the Company acquired on August 6, 1997. The purchase price was $92 million which was funded with $58 million in proceeds from a 10 year fixed rate loan placed concurrently on Villa Marina Marketplace and from cash on hand.

Manhattan Village located in Manhattan Beach, California was purchased by a joint venture on August 19, 1997. The Company owns a 10% interest in the joint venture. Manhattan Village is a regional center with a total of 551,685 square feet of retail, restaurant and entertainment space. The purchase price was $66.6 million and was paid in cash.

The Citadel, a 1,044,852 square foot super regional mall in Colorado Springs, Colorado, was purchased on December 19, 1997 for $108 million. The purchase price was funded by a concurrently placed loan of $75.6 million plus $32.4 million in cash.

Great Falls Marketplace is an 143,570 square foot community center developed by the Management Companies and sold to the Company on December 31, 1997. The purchase price of $14.8 million approximates the cost incurred by the Management Companies to acquire and develop the site.

C. RECENT DEVELOPMENTS

On February 27, 1998, the Company, through a 50/50 joint venture with an affiliate of Simon DeBartolo Group, Inc., acquired a portfolio of twelve regional malls. The properties in the portfolio total 10.7 million square feet and are located in eight states. The total purchase price was $974.5 million, which included $485 million of assumed debt. The balance of the Company's share of the purchase price was funded by issuing $100 million of convertible preferred stock, $79.6 million of common stock issued to two unit trusts, and the balance from the Company's line of credit.

RESULTS OF OPERATIONS

COMPARISON OF YEARS ENDED DECEMBER 31, 1997 AND 1996

REVENUES

Minimum and percentage rents increased by 44% to $151.5 million from $105.2. Approximately $36.0 million of the increase resulted from the 1996 Acquisition Centers and $11.9 million resulted from the 1997 Acquisition Centers. These increases were partially offset by decreases of $0.5 million at Parklane Mall and $0.3 million at Crossroads-Boulder, both due to reduced occupancy incurred during redevelopment.

Tenant recoveries increased to $66.5 million in 1997 from $47.7 million in 1996. The 1997 and 1996 Acquisition Centers generated $19.6 million of this increase. These increases were partially offset by an $0.8 million reduction in Same Center recoverable expenses in 1997 compared to 1996.

Other income increased to $3.2 million in 1997 from $2.2 million in 1996. Approximately $0.5 million of the increase related to the 1997 and 1996 Acquisition Centers, and approximately $0.5 million of this increase resulted from nonrecurring fee income received in 1997.

EXPENSES

Shopping center expenses increased to $70.9 million in 1997 compared to $50.8 million in 1996. Approximately $20.9 million of the increase resulted from the 1997 and 1996 Acquisition Centers. The other centers had a net decrease of $0.8 million in shopping center expenses resulting primarily from decreased property taxes, insurance premiums and recoverable expenses.

General and administrative expenses increased to $2.8 million in 1997 from $2.4 million in 1996, primarily due to increased executive and director compensation expense and professional fee expense.

INTEREST EXPENSE

Interest expense increased to $66.4 million in 1997 from $42.4 million in 1996. This increase of $24.0 million is attributable to the acquisition activity in 1997 and 1996, which was partially funded with secured debt. In addition, in 1997 the Company issued $161.4 million of convertible debentures.

DEPRECIATION AND AMORTIZATION

Depreciation increased to $41.5 million from $32.6 million in 1996. This increase relates primarily to the 1996 and 1997 Acquisition Centers.

MINORITY INTEREST

The minority interest represents the 31.8% weighted average interest of the Operating Partnership that was not owned by the Company during 1997. This compares to 36.9% not owned by the Company during 1996.

INCOME (LOSS) FROM UNCONSOLIDATED JOINT VENTURES AND MANAGEMENT COMPANIES

The loss from unconsolidated joint ventures and the management companies was $8.1 million for 1997, compared to a gain of $3.3 million in 1996. A total of $10.5 million of the change is attributable to the write down, and the loss on the sale, of North Valley Plaza in 1997.

GAIN ON SALE OF ASSETS

During 1997 the Company sold a parcel of land for a net gain of $1.6 million. There was no gain on sale recognized in 1996.

EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT

In 1997 the Company wrote off $0.6 million of unamortized financing costs, compared to $0.3 million written off in 1996.

NET INCOME

As a result of the foregoing, net income increased to $22.0 million in 1997 from $18.9 million in 1996.

OPERATING ACTIVITIES

Cash flow from operations was $78.5 million compared to $80.4 million in 1996. The decrease resulted from the factors discussed above, primarily the impact of the 1996 and 1997 Acquisition Centers and related financings.

INVESTING ACTIVITIES

Cash flow used in investing activities was $215.0 million in 1997 compared to $296.7 million in 1996. The change resulted primarily from the four acquisitions completed in 1997, compared to seven acquisitions in 1996.

FINANCING ACTIVITIES

Cash flow from financing activities was $146.0 million in 1997 compared to $216.3 million in 1996. The decrease resulted from more acquisition financing done in 1996 than 1997.

EBITDA AND FUNDS FROM OPERATIONS

Due primarily to the factors mentioned above, EBITDA increased 45% to $147.6 million in 1997 from $101.9 million in 1996 and Funds From Operations increased 33% to $83.2 million from $62.4 million in 1996.

COMPARISON OF YEARS ENDED DECEMBER 31, 1996 AND 1995

REVENUES

Minimum and percentage rents increased by 42% to $105.2 million from $74.1 million. Approximately $19.0 million of the increase resulted from the 1995 Acquisition Centers and $13.2 million resulted from the 1996 Acquisition Centers. These increases were partially offset by declining rents of $1.1 million at Parklane Mall which was adversely impacted by an Anchor closure in 1996.

Tenant recoveries increased to $47.7 million in 1996 from $27.0 million in 1995. The 1996 and 1995 Acquisition Centers caused $19.3 million of this increase. Approximately $1.1 million of the increase was due to higher recoverable expenses in 1996 compared to 1995.

Other income increased to $2.2 million in 1996 from $1.4 million in 1995. Approximately $1.2 million of the increase related to the 1996 and 1995 Acquisition Centers. This increase was partially offset by lower interest income of $0.3 million in 1996 compared to 1995.

EXPENSES

Shopping center expenses increased to $50.8 million in 1996 compared to $31.6 million in 1995. Approximately $18.7 million of the increase resulted from the 1996 and 1995 Acquisition Centers. The other centers had a net increase of $0.5 million in shopping center expenses of which approximately $1.1 million was for increased property taxes and $0.5 million of increased bad debt expense, offset by a reduction in ground rent expense of $1.3 million which resulted from the October, 1995 acquisition of land at Crossroads Mall--Boulder which had previously been leased.

General and administrative expenses increased to $2.4 million in 1996 from $2.0 million in 1995 primarily due to increased professional fee expense.

INTEREST EXPENSE

Interest expense increased to $42.4 million in 1996 from $25.5 million in 1995. Interest expense attributable to County East Mall decreased $1.2 million in 1996 due to the payoff of that debt on

December 31, 1995. Also, there was a decrease of $1.3 million at Crossroads Mall--Boulder due to a December 1995 refinancing at a substantially lower interest rate. These reductions partially offset the increase of $19.1 million from the 1995 and 1996 Acquisition Centers.

DEPRECIATION AND AMORTIZATION

Depreciation increased to $32.6 million from $25.7 million in 1995. An increase of approximately $7.6 million related to the 1995 and 1996 Acquisition Centers. This increase was offset by a decrease of approximately $1.4 million in amortization of financial instruments in 1996 which resulted from several financial instruments becoming fully amortized in 1995.

MINORITY INTEREST

The minority interest represents the 36.9% weighted average interest of the Operating Partnership that was not owned by the Company during 1996, compared to 45.0% during 1995.

INCOME (LOSS) FROM UNCONSOLIDATED JOINT VENTURES AND MANAGEMENT COMPANIES

The income from unconsolidated joint ventures and the management companies was $3.3 million for 1996, which was essentially the same as 1995.

EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT

In connection with the sale of an interest rate cap, the Company wrote off unamortized financing costs of $0.3 million in 1996. In 1995 the Company wrote off $1.3 million of loan costs concurrent with the 1995 refinancing of Lakewood Mall.

NET INCOME

As a result of the foregoing, net income increased to $18.9 million in 1996 from $11.3 million in 1995.

OPERATING ACTIVITIES

Cash flow from operations increased to $80.4 million compared to $48.2 million in 1995. The increase resulted from the factors discussed above, primarily the impact of the 1995 and 1996 Acquisition Centers.

INVESTING ACTIVITIES

Cash flow used in investing activities was $296.7 million in 1996 compared to $88.4 million in 1995. The change resulted primarily from the seven acquisitions completed in 1996 compared to three acquisitions in 1995.

FINANCING ACTIVITIES

Cash flow from financing activities increased to $216.3 million in 1996 compared to $52.0 million in 1995. The increase resulted from more mortgage financing done in 1996, primarily to fund the 1996 acquisitions.

EBITDA AND FUNDS FROM OPERATIONS

Due primarily to the factors mentioned above, EBITDA increased 48%, to $101.9 million in 1996 from $68.9 million in 1995 and Funds From Operations increased 39%, to $62.4 million, from $44.9 million in 1995.

LIQUIDITY AND CAPITAL RESOURCES

The Company intends to meet its short term liquidity requirements through cash generated from operations and working capital reserves. The Company anticipates that revenues will continue to provide necessary funds for its operating expenses and debt service requirements, and to pay dividends to stockholders in accordance with REIT requirements. The Company anticipates that cash generated from operations, together with cash on hand, will be adequate to fund capital expenditures which will not be reimbursed by tenants, other than non-recurring capital expenditures. Capital for major expenditures or redevelopments has been, and is expected to continue to be, obtained from equity or debt financings.

The Company believes that it will have access to the capital necessary to expand its business in accordance with its strategies for growth and maximizing Funds from Operations. The Company presently intends to obtain additional capital necessary to expand its business through a combination of additional equity offerings and debt financings.

The Company's total outstanding loan indebtedness at December 31, 1997 was $1.2 billion (including its pro rata share of joint venture debt). This equated to a debt to Total Market Capitalization (defined as total debt of the Operating Partnership, including its pro rata share of joint venture debt, plus aggregate market value of outstanding shares of common stock, assuming full conversion of OP Units into stock) rate of approximately 51.5% at year end. Such debt consists primarily of conventional mortgages payable secured by individual properties. See "Properties--Mortgage Debt" for a description of the Company's outstanding indebtedness. In connection with $65.1 million of the Company's floating rate indebtedness, the Company has entered into interest rate protection agreements that limit the Company's exposure to increases in interest rates. See "Properties--Mortgage Debt."

The Company has filed a shelf registration statement, effective December 8, 1997, to sell securities. The shelf registration is for a total of $500 million of common stock or common stock warrants. On February 18, 1998, the Company issued 1,826,484 shares from the shelf and on February 12, 1998 an additional 1,052,650 shares were issued from the shelf. The total proceeds of both transactions were approximately $79.6 million, leaving approximately $420 million available on the shelf registration.

The Company has an unsecured line of credit which has been recently expanded up to $150 million. There was $55 million outstanding at December 31, 1997 and $123 million outstanding after the ERE Yarmouth portfolio acquisition on February 27, 1998.

At December 31, 1997 the Company had cash and cash equivalents of $25.2 million.

YEAR 2000 COMPLIANCE

The Company has been advised by its independent software vendor that it has completed its evaluation, testing and modification of the property management and accounting software used by the Company and the necessary changes have been completed to achieve year 2000 compliance. The Company does not believe it will have any significant accounting or operations impact as a result of the year 2000.

FUNDS FROM OPERATIONS

The Company believes that the most significant measure of its performance is Funds from Operations ("FFO"). FFO is defined by The National Association of Real Estate Investment Trusts ("NAREIT") to be: Net income (computed in accordance with GAAP), excluding gains or losses from debt restructuring and sales of real 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 will be calculated on the same basis. FFO does not represent cash flow from operations, as defined by generally accepted accounting principles, and is not

necessarily indicative of cash available to fund all cash flow needs. The following reconciles net income to FFO:

	1997		1996	
	SHARES	AMOUNT	SHARES	AMOUNT
		(AMOUNTS IN THOUSANDS)		
Net income		$ 22,046		$ 18,911
Adjustments to reconcile net income to FFO:				
Minority interest		10,567		10,975
Depreciation and amortization on wholly owned properties		41,535		32,591
Pro rata share of unconsolidated entities depreciation and amortization		2,312		2,096
Extraordinary loss on early extinguishment of debt		555		315
Gain on sale of assets from wholly owned centers		(1,619)		--
Pro rata share of (gain) loss on sale of joint venture assets		10,400		(110)
Amortization of loan costs, including interest rate caps and swaps		(2,075)		(2,090)
Depreciation of personal property		(533)		(260)
FFO--basic(1)	37,982	83,188	32,934	62,428
Add back interest expense and amortization of loan costs on convertible debentures		6,468		--
Weighted average additional shares assuming debenture conversion	2,664		--	
Sub-total after conversion of debentures	40,646	89,656	32,934	62,428
To arrive at FFO--diluted:				
Deduct effect of antidilutive debentures	(2,664)	(6,468)	--	--
Impact of stock options and restricted stock using the Treasury method	421	239	386	--
FFO--diluted(2)	38,403	$ 83,427	33,320	$ 62,428

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(1) Calculated based upon basic net income as adjusted to reach basic FFO. Weighted average number of shares includes the weighted average shares of common stock outstanding for 1997 assuming the conversion of OP units.

(2) The computation of dilutive and diluted average number of shares outstanding includes the effect of common stock options outstanding and restricted stock using the Treasury method. Convertible debentures are antidilutive and are not included.

Included in minimum rents were rents attributable to the accounting practice of straight lining of rents. The amount of straight lining of rents that impacted minimum rents was $3,599,000 for 1997, $1,832,000 for 1996 and $944,000 for 1995.

INFLATION

In the last three years, inflation has not had a significant impact on the Company because of a relatively low inflation rate. Most of the leases at the Centers have rent adjustments periodically through the lease term. These rent increases are either in fixed increments or based on increases in the Consumer Price Index. In addition, many of the leases are for terms of less than ten years, which enables the Company to replace existing leases with new leases at higher base rents if the rents of the existing leases are below the then existing market rate. Additionally, most of the leases require the tenants to pay their

pro rata share of operating expenses. This reduces the Company's exposure to increases in costs and operating expenses resulting from inflation.

NEW PRONOUNCEMENTS ISSUED:

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. The Company does not expect this pronouncement to materially impact the Company's results of operations.

In June 1997, the FASB issued SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 establishes standards for disclosure about operating segments in annual financial statements and selected information in interim financial reports. It also establishes standards for related disclosures about products and services, geographic areas and major customers. This statement supercedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise. The new standard becomes effective for the Company for the year ending December 31, 1998, and requires that comparative information from earlier years be restated to conform to the requirements of this standard. The Company does not expect this pronouncement to materially change the Company's current reporting and disclosures.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Refer to the Index to Financial Statements and Financial Statement Schedules for the required information.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS OR ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY.

There is hereby incorporated by reference the information which appears under the captions "Election of Directors," "Executive Officers" and "Section 16 Reporting" in the Company's definitive proxy statement for its 1998 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION.

There is hereby incorporated by reference the information which appears under the caption "Executive Compensation" in the Company's definitive proxy statement for its 1998 Annual Meeting of Stockholders; provided, however, that neither the Report of the Compensation Committee on executive compensation nor the Stock Performance Graph set forth therein shall be incorporated by reference herein, in any of the Company's prior or future filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent the Company specifically incorporates such report or stock performance graph by reference therein and shall not be otherwise deemed filed under either of such Acts.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

There is hereby incorporated by reference the information which appears under the captions "Principal Stockholders," "Information Regarding Nominees and Directors" and "Executive Officers" in the Company's definitive proxy statement for its 1998 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

There is hereby incorporated by reference the information which appears under the captions "Certain Transactions" in the Company's definitive proxy statement for its 1998 Annual Meeting of Stockholders.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE AND REPORTS ON FORM 8-K

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of The Macerich Company

We have audited the consolidated financial statements and financial statement schedule of The Macerich Company as listed in Item 14(a) of this Form 10-K. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Macerich Company as of December 31, 1997 and 1996, and the consolidated results of the Macerich Company's operations and its cash flows for the years ended December 31, 1997, 1996 and 1995, in conformity with generally accepted accounting principles. In addition, in our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be included therein.

COOPERS & LYBRAND L.L.P.

Los Angeles, California

March 20, 1998

THE MACERICH COMPANY

CONSOLIDATED BALANCE SHEETS

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31,	
	1997	1996
ASSETS:		
Property, net	$ 1,407,179	$ 1,108,668
Cash and cash equivalents	25,154	15,643
Tenant receivables, net, including accrued overage rents of $4,330 in 1997 and $3,805 in 1996	23,696	23,192
Due from affiliates	3,105	3,105
Deferred charges and other assets, net	37,899	20,716
Investments in joint ventures and the Management Companies	7,969	16,429
Total assets	$ 1,505,002	$ 1,187,753
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$ 135,313	$ 135,944
Others	771,246	584,295
Total	906,559	720,239
Bank notes payable	55,000	69,000
Convertible debentures	161,400	--
Accounts payable	5,185	4,197
Accrued interest expense	4,878	3,979
Accrued real estate taxes and ground rent expense	7,272	7,221
Due to affiliates	15,109	430
Deferred acquisition liability	5,000	5,000
Other accrued liabilities	27,841	27,696
Total liabilities	1,188,244	837,762
Minority interest in Operating Partnership	100,463	112,242
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Preferred stock, $.01 par value, 10,000,000 shares authorized--none issued	--	--
Common stock, $.01 par value, 100,000,000 shares authorized, 26,004,800 and 25,743,000 shares issued and outstanding at December 31, 1997 and 1996, respectively	260	257
Additional paid in capital	219,121	238,346
Accumulated earnings	--	--
Unamortized restricted stock	(3,086)	(854)
Total stockholders' equity	216,295	237,749
Total liabilities and stockholders' equity	$ 1,505,002	$ 1,187,753

The accompanying notes are an integral part of these financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	FOR THE YEARS ENDED		
	DECEMBER 31, 1997	DECEMBER 31, 1996	DECEMBER 31, 1995
REVENUES:			
Minimum rents	$ 142,251	$ 99,061	$ 69,253
Percentage rents	9,259	6,142	4,814
Tenant recoveries	66,499	47,648	26,961
Other	3,205	2,208	1,441
Total revenues	221,214	155,059	102,469
EXPENSES:			
Shopping center expenses	70,901	50,792	31,580
General and administrative expense	2,759	2,378	2,011
	73,660	53,170	33,591
Interest expense:			
Related parties	10,287	10,172	8,226
Others	56,120	32,181	17,305
Depreciation and amortization	41,535	32,591	25,749
	107,942	74,944	51,280
Equity in income (loss) of unconsolidated joint ventures and the management companies	(8,063)	3,256	3,250
Gain on sale of assets	1,619	--	--
Income before minority interest and extraordinary item	33,168	30,201	20,848
Extraordinary loss on early extinguishment of debt	(555)	(315)	(1,299)
Income of the Operating Partnership	32,613	29,886	19,549
Less minority interest in net income of the Operating Partnership	10,567	10,975	8,246
Net income	$ 22,046	$ 18,911	$ 11,303
Earnings per common share--basic:			
Income before extraordinary item	$ 0.86	$ 0.92	$ 0.78
Extraordinary item	(0.01)	(0.01)	(0.05)
Net income--basic	$ 0.85	$ 0.91	$ 0.73
Weighted average number of shares of common stock outstanding--basic	25,891,000	20,781,000	15,482,000
Earnings per common share--diluted:			
Income before extraordinary item	$ 0.85	$ 0.90	$ 0.78
Extraordinary item	(0.01)	(0.01)	(0.05)
Net income--diluted	$ 0.84	$ 0.89	$ 0.73
Weighted average number of shares of common stock outstanding--diluted	26,312,000	21,167,000	15,536,000

The accompanying notes are an integral part of these financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE DATA)

	COMMON STOCK (# SHARES)	COMMON STOCK PAR VALUE	ADDITIONAL PAID IN CAPITAL	ACCUMULATED EARNINGS	UNAMORTIZED RESTRICTED STOCK	TOTAL STOCKHOLDERS' EQUITY
Balance December 31, 1994	14,375,000	$ 144	$ 86,795	--	--	$ 86,939
Common stock issued to public	5,600,000	56	107,408			107,464
Issuance costs			(582)			(582)
Distributions paid ($1.66 per share)			(14,913)	$ (11,303)		(26,216)
Net income				11,303		11,303
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			(20,615)			(20,615)
Other, net	2,000		52			52
Balance December 31, 1995	19,977,000	200	158,145	--	--	158,345
Common stock issued to public	5,750,000	57	122,129			122,186
Issuance costs			(152)			(152)
Issuance of restricted stock	41,238		854			854
Unvested restricted stock	(41,238)				$ (854)	(854)
Exercise of stock options	16,000		291			291
Distributions paid ($1.70 per share)			(17,565)	(18,911)		(36,476)
Net income				18,911		18,911
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			(25,356)			(25,356)
Balance December 31, 1996	25,743,000	257	238,346	--	(854)	237,749
Issuance costs			(352)			(352)
Issuance of restricted stock	89,958		2,471			2,471
Unvested restricted stock	(89,958)				(2,471)	(2,471)
Restricted stock vested in 1997	8,248				239	239
Exercise of stock options	253,552	3	2,410			2,413
Distributions paid ($1.78 per share)			(24,061)	(22,046)		(46,107)
Net income				22,046		22,046
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			307			307
Balance December 31, 1997	26,004,800	$ 260	$ 219,121	$ --	$ (3,086)	$ 216,295

The accompanying notes are an integral part of these financial statements.

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(DOLLARS IN THOUSANDS)

	JANUARY 1, 1997 TO DEC 31, 1997	JANUARY 1, 1996 TO DEC 31, 1996	JANUARY 1, 1995 TO DEC 31, 1995
Cash flows from operating activities:			
Net income	$ 22,046	$ 18,911	$ 11,303
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary loss on early extinguishment of debt	555	315	1,299
Gain on sale of assets	(1,619)	--	--
Depreciation and amortization	41,535	32,591	25,749
Amortization of discount on trust deed note payable	33	33	547
Minority interest in net income of the Operating Partnership	10,567	10,975	8,246
Changes in assets and liabilities:			
Tenant receivables, net	(504)	(7,977)	(2,973)
Other assets	(10,899)	1,181	(2,149)
Accounts payable and accrued expenses	1,938	6,596	1,378
Due to affiliates	14,679	(382)	345
Other liabilities	145	18,188	4,441
Total adjustments	56,430	61,520	36,883
Net cash provided by operating activities	78,476	80,431	48,186
Cash flows from investing activities:			
Acquisitions of property and improvements	(199,729)	(277,319)	(75,738)
Renovations and expansions of centers	(12,929)	(8,019)	(4,571)
Additions to tenant improvements	(2,599)	(920)	(1,554)
Deferred charges	(12,542)	(9,111)	(6,698)
Equity in (income) loss of unconsolidated joint ventures and the management companies	8,063	(3,256)	(3,250)
Distributions from joint ventures	8,181	4,107	3,774
Contributions to joint ventures	(7,783)	--	(376)
Loans to affiliates	--	(3,105)	--
Proceeds from sale of assets	4,332	948	--
Net cash used in investing activites	(215,006)	(296,675)	(88,413)
Cash flows from financing activities:			
Proceeds from notes, mortgages and debentures payable	331,400	235,673	148,000
Payments on mortgages and notes payable	(119,515)	(84,775)	(157,800)
Net proceeds from equity offerings	--	122,034	106,879
Dividends and distributions	(65,844)	(56,615)	(45,106)
Net cash provided by financing activities	146,041	216,317	51,973
Net increase in cash	9,511	73	11,746
Cash and cash equivalents, beginning of period	15,643	15,570	3,824
Cash and cash equivalents, end of period	$ 25,154	$ 15,643	$ 15,570
Supplemental cash flow information:			
Cash payment for interest, net of amounts capitalized	$ 65,475	$ 40,572	$ 24,429
Non-cash transactions:			
Acquisition of property by assumption of debt	$ 121,800	$ 152,228	$ 178,900
Acquisition of property by issuance of OP units	$ --	$ 600	$ 18,448

The accompanying notes are an integral part of these financial statements.

1. ORGANIZATION AND BASIS OF PRESENTATION:

The Macerich Company ("the Company") commenced operations effective with the completion of the initial public offering (the "IPO") on March 16, 1994. The Company is the sole general partner of and holds a 68% ownership interest in The Macerich Partnership, L.P. ("the Operating Partnership"). The interests in the Operating Partnership are known as OP Units. OP Units not held by the Company can be exchanged, subject to certain restrictions, on a one-for-one basis, into the Company's common stock.

The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. The 32% limited partnership interest of the Operating Partnership not owned by the Company is reflected in these financial statements as minority interest. The average total number of OP Units outstanding in The Operating Partnership (including the OP Units owned by the Company) was 37,982,000 for the year ended December 31, 1997, 32,934,000 for the year ended December 31, 1996, and 26,930,000 for the year ended December 31, 1995.

The property management, leasing and redevelopment of the Company's portfolio is provided by the Macerich Management Company, Macerich Property Management Company and Macerich Manhattan Management Company, all California corporations (together referred to hereafter as "the Management Companies"). The non-voting preferred stock of the Macerich Management Company and Macerich Property Management Company is owned by the Operating Partnership, which provides the Operating Partnership the right to receive 95% of the distributable cash flow from the Management Companies. Macerich Manhattan Management Company is a 100% subsidiary of Macerich Management Company.

BASIS OF PRESENTATION:

The consolidated financial statements of the Company include the accounts of the Company and the Operating Partnership. The properties which the Operating Partnership does not own a greater than 50% interest in, and the Management Companies, have been accounted for under the equity method of accounting. These entities are reflected on the Company's consolidated financial statements as investment in joint ventures and the Management Companies.

All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

CASH AND CASH EQUIVALENTS:

The Company considers all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents, for which cost approximates market. Included in cash is restricted cash of $5,810 at December 31, 1997 and $3,783 at December 31, 1996.

REVENUES:

Minimum rental revenues are recognized on a straight-line basis over the terms of the related lease. The difference between the amount of rent due in a year and the amount recorded as rental income is referred to as the "straight lining of rent adjustment." Rental income was increased by $3,599 in 1997, $1,832 in 1996 and $944 in 1995 due to the straight lining of rent adjustment. Percentage rents are

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

recognized on an accrual basis. Recoveries from tenants for real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable costs are incurred.

The Management Companies provide property management, leasing, corporate, development and acquisitions services to affiliated and non-affiliated shopping centers. In consideration for these services, the Management Companies receive monthly management fees generally ranging from 1.5% to 5% of the gross monthly rental revenue of the properties managed.

PROPERTY:

Costs related to the acquisition, development, construction and improvement of properties are capitalized. Interest costs are capitalized until construction is substantially complete.

Expenditures for maintenance and repairs are charged to operations as incurred. Realized gains and losses are recognized upon disposal or retirement of the related assets and are reflected in earnings.

Property is recorded at cost and is depreciated using a straight-line method over the estimated useful lives of the assets as follows:

Tenant improvements.....	initial term of related lease
Buildings and improvements.....	5-40 years
Equipment and furnishings.....	5-7 years

The Company assesses whether there has been a permanent impairment in the value of its assets by considering factors such as expected future operating income, trends and prospects, as well as the effects of demand, competition and other economic factors. Such factors include the tenants ability to perform their duties and pay rent under the terms of the leases. The Company may recognize a permanent impairment loss if the income stream were not sufficient to cover its investment. Such a loss would be determined between the carrying value and the fair value of a center. Management believes no permanent impairment has occurred in its net property carrying values at December 31, 1997.

DEFERRED CHARGES:

Costs relating to financing of shopping center properties and obtaining tenant leases are deferred and amortized over the initial term of the agreement. The straight-line method is used to amortize all costs except financing, for which the effective interest method is used. The range of the terms of the agreements are as follows:

Deferred lease costs.....	2-15 years
Deferred financing costs.....	1-15 years

DEFERRED ACQUISITION LIABILITY:

As part of the Company's total consideration to the seller of Capitola Mall, the Company will issue $5,000 of OP Units five years after the acquisition date, which was December 21, 1995. The number of OP Units will be determined based on the Company's common stock price at that time.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

INCOME TAXES:

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended. A REIT is generally not subject to income taxation on that portion of its income that qualifies as REIT taxable income as long as it distributes at least 95 percent of its taxable income to its stockholders and complies with other requirements. Accordingly, no provision has been made for income taxes in the consolidated financial statements.

On a tax basis, the distributions of $1.78 paid during 1997 represented $0.96 of ordinary income and $0.82 of return of capital and the distributions of $1.70 per share during 1996 represented $1.14 of ordinary income and $0.56 return of capital. During 1995 the distributions were $1.66 per share of which $1.00 was ordinary income and $0.66 was return of capital.

Each partner is taxed individually on their share of partnership income or loss, and accordingly, no provision for federal and state income tax is provided for the Operating Partnership in the consolidated financial statements.

RECLASSIFICATIONS:

Certain reclassifications have been made to the 1995 and 1996 financial statements to conform to the 1997 financial statement presentation.

ACCOUNTING PRONOUNCEMENTS:

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for the reporting and display of comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. The Company does not expect this pronouncement to materially impact the Company's results of operations.

In June 1997, the FASB issued SFAS No. 131, Disclosures about Segments of an Enterprise and Related Information. SFAS No. 131 establishes standards for disclosure about operating segments in annual financial statements and selected information in interim financial reports. It also establishes standards for related disclosures about products and services, geographic areas and major customers. This statement supercedes SFAS No. 14, Financial Reporting for Segments of a Business Enterprise. The new standard becomes effective for the Company for the year ending December 31, 1998, and requires that comparative information from earlier years be restated to conform to the requirements of this standard. The Company does not expect this pronouncement to materially change the Company's current reporting and disclosures.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

To meet the reporting requirement of SFAS No. 107, Disclosures about Fair Value of Financial Instruments, the Company calculates the fair value of financial instruments and includes this additional information in the notes to financial statements when the fair value is different than the carrying value of those financial instruments. When the fair value reasonably approximates the carrying value, no additional disclosure is made. The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)
is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

Interest rate cap agreements are purchased by the Company from third parties to hedge the risk of interest rate increases on some of the Company's variable rate debt. The cost of these cap agreements is amortized over the life of the cap agreement on a straight line basis. Payments received as a result of the cap agreements are recorded as a reduction of interest expense. The unamortized costs of the cap agreements are included in deferred charges. The fair market value of these caps will vary with fluctuations in interest rates. The Company is exposed to credit loss in the event of nonperformance by these counter parties to the financial instruments, however, management does not anticipate nonperformance by the counter party.

EARNINGS PER SHARE ("EPS"):

During 1997, the Company implemented SFAS No. 128. The computation of basic earnings per share is based on net income and the weighted average number of common shares outstanding for the years ended December 31, 1997, 1996 and 1995. The computation of diluted earnings per share includes the effect of outstanding restricted stock and common stock options calculated using the Treasury stock method. The convertible debentures were not included in the calculation as the effect of their inclusion would be antidilutive. The OP Units not held by the Company have not been included in the diluted EPS calculation as there would be no effect on the per share amounts as earnings allocated to an OP Unit are the same amount as allocated to a share of common stock. The following table reconciles the basic and diluted earnings per share calculation:

	FOR THE YEARS ENDED								
	1997			1996			1995		
	NET INCOME	SHARES	PER SHARE	NET INCOME	SHARES	PER SHARE	NET INCOME	SHARES	PER SHARE
	(IN THOUSANDS)								
BASIC EPS									
Income available to common shareholders...	$22,046	25,891	$ 0.85	$18,911	20,781	$ 0.91	$11,303	15,482	$0.73
DILUTED EPS									
Effect of dilutive securities:									
Employee stock options and restricted stock.....	162	421	(0.01)	--	386	(0.02)	--	54	--
Income available to common shareholders...	$22,208	26,312	$ 0.84	$18,911	21,167	$ 0.89	$11,303	15,536	$0.73

CONCENTRATION OF RISK:

Lakewood Mall generated 10.5% of total shopping center revenues in 1997, 16.0% in 1996 and 22.0% in 1995. Queens Center accounted for 13.8% in 1996 of total shopping center revenues. Shopping center revenues at Crossroads Mall-Colorado accounted for 10.6% of total shopping center revenues in 1995. During 1995 Chesterfield accounted for 12.6% of total Shopping Center revenues. No other Center generated more than 10% of shopping center revenues during 1997, 1996 or 1995.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

The Centers derived approximately 89.5% of their total rents for the year ended December 31, 1997 from Mall and Freestanding Stores. The Limited represented 7.6% of total minimum rents in place as of December 31, 1997 and no other retailer represented more than 4.6% of total minimum rents as of December 31, 1997.

MANAGEMENT ESTIMATES:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

YEAR 2000 COMPLIANCE

The Company has been advised by its independent software vendor that it has completed its evaluation and testing and has made the necessary changes to the property management and accounting software utilized by the Company and the software is in year 2000 compliance. The Company does not believe there will be any significant accounting impact as a result of the year 2000.

3. INVESTMENTS IN JOINT VENTURES AND THE MANAGEMENT COMPANIES:

The following are the Company's investments in various real estate joint ventures which own regional retail shopping centers. The Operating Partnership's interest in each joint venture as of December 31, 1997 is as follows:

JOINT VENTURE	THE OPERATING PARTNERSHIP'S OWNERSHIP %
Macerich Northwestern Associates	50%
Manhattan Village, LLC	10%
Panorama City Associates	50%
West Acres Development	19%

The Operating Partnership also owns the non-voting preferred stock of the Management Companies and is entitled to receive 95% of the distributable cash flow. The Company accounts for the management companies and joint ventures using the equity method of accounting.

On August 19, 1997 Macerich acquired a 10% interest in the joint venture that acquired Manhattan Village Shopping Center ("Manhattan Village") in Manhattan Beach, California. The results of that joint venture are included for the period subsequent to the acquisition. In December 1997, North Valley Plaza, which was 50% owned by the Company, was sold.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures, and the Management Companies, followed by information regarding the Operating Partnership's beneficial interest in the combined operations. Beneficial interest is calculated based on the Operating Partnership's ownership interests in the joint ventures and the Management Companies.

3. INVESTMENTS IN JOINT VENTURES AND THE MANAGEMENT COMPANIES: (CONTINUED)

COMBINED AND CONDENSED BALANCE SHEETS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	DECEMBER 31, 1997	DECEMBER 31, 1996
Assets:		
Properties, net	$ 153,856	$ 106,751
Other assets	10,013	13,257
Total assets	$ 163,869	$ 120,008
Liabilities and partners' capital:		
Mortgage notes payable	$ 84,342	$ 81,925
Other liabilities	6,563	11,116
The Company's capital	7,969	16,429
Outside partners' capital	64,995	10,538
Total liabilities and partners' capital	$ 163,869	$ 120,008

COMBINED AND CONDENSED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	FOR THE YEARS ENDED DECEMBER 31,		
	1997	1996	1995
Revenues	$ 36,645	$ 31,533	$ 32,270
Expenses:			
Management Company expense	4,738	4,293	3,987
Shopping center expenses	11,952	9,598	9,293
Interest	6,157	6,409	6,414
Depreciation and amortization	4,992	4,406	4,485
Total operating costs	27,839	24,706	24,179
Gain (loss) on sale or write down of assets	(20,307)	581	1,265
Net income (loss)	$ (11,501)	$ 7,408	$ 9,356

Significant accounting policies used by the unconsolidated joint ventures and the Management Companies are similar to those used by the Company.

Included in mortgage notes payable are amounts due to related parties of $43,500 for the years ended December 31, 1997, 1996 and 1995. Interest expense incurred on these borrowings amounted to $2,974 for the years ended December 31, 1997, 1996 and 1995.

Included in the gain (loss) on sale of assets is $20,990 of loss on the sale and writedown of North Valley Plaza in 1997.

3. INVESTMENTS IN JOINT VENTURES AND THE MANAGEMENT COMPANIES: (CONTINUED)

The following table sets forth the Operating Partnership's beneficial interest in the joint ventures and the Management Companies:

PRO RATA SHARE OF COMBINED AND CONDENSED STATEMENT OF OPERATIONS OF JOINT VENTURES AND THE MANAGEMENT COMPANIES

	FOR THE YEARS ENDED DECEMBER 31,		
	1997	1996	1995
Revenues	$ 15,152	$ 14,980	$ 15,393
Expenses:			
Management Company expense	4,328	3,747	3,988
Shopping center expenses	4,238	3,856	4,042
Interest	1,937	2,135	2,098
Depreciation and amortization	2,312	2,096	2,255
Total operating costs	12,815	11,834	12,383
Gain (loss) on sale or write down of assets	(10,400)	110	240
Net income (loss)	$ (8,063)	$ 3,256	$ 3,250

4. PROPERTY:

Property is summarized as follows:

	DECEMBER 31	
	1997	1996
Land	$ 313,050	$ 239,847
Building improvements	1,235,459	990,125
Tenant improvements	38,097	34,149
Equipment & furnishings	7,576	4,769
Construction in progress	13,247	4,195
	1,607,429	1,273,085
Less, accumulated depreciation	(200,250)	(164,417)
	$1,407,179	$1,108,668

5. DEFERRED CHARGES AND OTHER ASSETS:

Deferred charges and other assets are summarized as follows:

	DECEMBER 31, 1997	DECEMBER 31, 1996
Leasing	$ 28,101	$ 25,629
Financing	14,396	7,891
	42,497	33,520
Less, accumulated amortization	(18,127)	(15,434)
	24,370	18,086
Other assets	13,529	2,630
	$ 37,899	$ 20,716

6. MORTGAGE NOTES PAYABLE:

Mortgage notes payable at December 31, 1997 and December 31, 1996 consist of the following:

PROPERTY PLEDGED AS COLLATERAL	CARRYING AMOUNT OF NOTES 1997 OTHER	1997 RELATED PARTY	1996 OTHER	1996 RELATED PARTY	INTEREST RATE	PAYMENT TERMS	MATURITY DATE
Capitola Mall	--	$ 37,675	--	$ 37,976	9.25%	316(d)	2001
Chesterfield Towne Center	$ 65,708	--	--	--	9.10%	548(e)	2024
Chesterfield Towne Center	--	--	$ 59,023	--	8.75%	475(e)	2024
Chesterfield Towne Center	--	--	5,304	--	9.38%	43(e)	2024
Chesterfield Towne Center	--	--	1,922	--	8.88%	16(e)	2024
Chesterfield Towne Center	3,359	--	3,444	--	8.54%	28(d)	1999
Citadel	75,600	--	--	--	7.20%	544(d)	2008
Crossroads Mall(a)	--	35,638	--	35,968	7.08%	244(d)	2010
Fresno Fashion Fair	38,000	--	38,000	--	8.40%	interest only	2001
Greeley Mall	17,815	--	18,514	--	8.50%	187(d)	2003
Green Tree Mall/ Crossroads--OK/ Salisbury(b)	117,714	--	117,714	--	7.23%	interest only	2004
Holiday Village	--	17,000	--	17,000	6.75%	interest only	2001
Lakewood Mall(c)	127,000	--	127,000	--	7.20%	interest only	2005
Northgate Mall	--	25,000	--	25,000	6.75%	interest only	2001
Parklane Mall	--	20,000	--	20,000	6.75%	interest only	2001
Queens Center	65,100	--	65,100	--	(f)	interest only	1999
Rimrock Mall	31,517	--	31,994	--	7.70%	244(d)	2003
South Towne Center	65,000	--	--	--	(g)	interest only	2008
Valley View Center	51,000	--	60,000	--	7.89%(h)	interest only	2006
Villa Marina Marketplace	58,000	--	--	--	7.23%	interest only	2006
Vintage Faire Mall(i)	55,433	--	56,280	--	7.65%	427(d)	2003
Total	$ 771,246	$ 135,313	$ 584,295	$ 135,944			
Weighted average interest rate at December 31, 1997					7.42%		
Weighted average interest rate at December 31, 1996					7.45%		

- ------------------------

(a) This note was issued at a discount. The discount is being amortized over the life of the loan using the effective interest method. At December 31, 1997 and December 31, 1996 the unamortized discount was $430 and $463, respectively.

(b) This loan is cross collateralized by Green Tree Mall, Crossroads Mall--Oklahoma and Salisbury.

(c) On August 15, 1995 the Company issued $127,000 of collateralized floating rate notes (the "Notes"). The Notes bear interest at an average fixed rate of 7.20% and mature in July 2005. The Notes require

6. MORTGAGE NOTES PAYABLE: (CONTINUED)
the Company to deposit all cash flow from the property operations with a trustee to meet its obliga-tions under the Notes. Cash in excess of the required amount, as defined, is released. Included in cash and cash equivalents is $750 of restricted cash deposited with the trustee at December 31, 1997 and 1996.

(d) This represents the monthly payment of principal and interest.

(e) This amount represents the monthly payment of principal and interest. In addition, contingent interest, as defined in the loan agreement, may be due to the extent that 35% of the amount by which the property's gross receipts (as defined in the loan agreement) exceeds a base amount specified therein. Contingent interest expense recognized by the Company was $98 for the year ended December 31, 1997 and $399 for the year ended December 31, 1996. As of January 1, 1997 all these loans were consolidated into a new loan of $66,200 at an interest rate of 9.1%.

(f) This loan bears interest at LIBOR plus 0.45%. There is an interest rate protection agreement in place on the first $10,200 of this debt with a LIBOR ceiling of 5.88% through maturity with the remaining principal having an interest rate cap with a LIBOR ceiling at 7.07% through 1997 and 7.7% thereafter.

(g) At December 31, 1997 this loan had an interest rate of LIBOR plus 1%, which totalled 6.9%. In February 1998, this loan was converted into a fixed rate loan bearing interest at 6.622% maturing in 2008.

(h) On April 16, 1997 the Company converted this loan into a fixed rate 10 year loan bearing interest at 7.89% and maturing in October 2006.

(i) Included in cash and cash equivalents is $3,030 at December 31, 1997 and 1996, of cash restricted under the terms of this loan agreement.

Certain mortgage loan agreements contain a prepayment penalty provision for the early extinguishment of the debt.

Total interest expense capitalized during 1997, 1996 and 1995 was $2,224, $461, and $546, respectively.

The market value of mortgage notes payable at December 31, 1997 and December 31, 1996 is estimated to be approximately $1,013,000 and $733,000, respectively, based on current interest rates for comparable loans.

6. MORTGAGE NOTES PAYABLE: (CONTINUED)
The above debt matures as follows:

YEARS ENDING DECEMBER 31,	
1998	$ 4,671
1999	73,419
2000	5,468
2001	142,074
2002	5,934
2003 and beyond	674,993
	$ 906,559

7. BANK NOTES PAYABLE:

At December 31, 1997, the Company had $55,000 outstanding under its $60,000 unsecured credit facility. The notes bear interest at LIBOR plus 1.325%. As of February 26, 1998, the Company increased this credit facility to $150,000 with a maturity of February 2000.

8. CONVERTIBLE DEBENTURES:

On June 27, 1997, the Company issued and sold $150,000 of convertible subordinated debentures (the "Debentures") due 2002. An additional $11,400 of Debentures were sold in July 1997. The Debentures, which were sold at par, bear interest at 7.25% annually (payable semi-annually) and are convertible at any time, on or after 60 days, from the date of issue at a conversion price of $31.125 per share. The Debentures mature on December 15, 2002 and are callable by the Company after June 15, 2002 at par plus accrued interest.

9. RELATED-PARTY TRANSACTIONS:

The Company engaged the Management Companies to manage the operations of its properties and certain unconsolidated joint ventures. During 1997, 1996 and 1995 management fees of $2,219, $1,788 and $1,456, respectively, were paid to the Management Companies by the Company.

Certain mortgage notes are held by one of the Company's joint venture partners. Interest expense, in connection with these notes was $10,287, $10,168 and $8,226 for the years ended December 31, 1997, 1996 and 1995, respectively. Included in accounts payables and accrued expense is interest payable to these partners of $518, $516 and $537 at December 31, 1997, 1996, and 1995 respectively.

Included in due to affiliates at December 31, 1997 is $14,800 which is a note payable to the Management Companies for the purchase of Great Falls Marketplace. The note was paid off in February 1998.

In 1997 certain executive officers, under the terms of the employee incentive plan, received loans from the Company totaling $5,500. These loans are full recourse to the executives. $5,000 of the loans bear interest at 7%, are due in 2007 and are secured by Company Stock owned by the executives. The remaining

9. RELATED-PARTY TRANSACTIONS: (CONTINUED)
loan is non interest bearing and is forgiven ratably over a five year term. These loans receivable are included in other assets at December 31, 1997.

Certain Company officers and affiliates have guaranteed mortgages of $21,750 at one of the Company's joint venture properties and $2,000 at Greeley Mall.

10. FUTURE RENTAL REVENUES:

Under existing noncancellable operating lease agreements, tenants are committed to pay the following minimum rentals to the Company:

YEARS ENDING DECEMBER 31,	
1998	$ 142,023
1999	132,589
2000	119,643
2001	103,807
2002	92,896
2003 and beyond	415,539
	$ 1,006,497

11. COMMITMENTS AND CONTINGENCIES:

The Company has certain properties subject to noncancellable operating ground leases. The leases expire at various times through 2070, subject in some cases to options to extend the terms of the lease. Certain leases provide for contingent rent payments based on a percent of base rent income, as defined. Ground rent expenses were $817 (including contingent rent of $0) in 1997, $704 (including contingent rent of $0) in 1996 and $1,944 (including contingent rents of $1,168) in 1995.

Minimum future rental payments required under the leases are as follows:

YEARS ENDING DECEMBER 31,	
1998	$ 412
1999	456
2000	456
2001	449
2002	449
2003 and beyond	20,359
	$ 22,581

Certain leases also require the lessee to pay real estate taxes, insurance and certain other operating costs applicable to the leased property.

11. COMMITMENTS AND CONTINGENCIES: (CONTINUED)

Perchloroethylene (PCE) has been detected in soil and groundwater in the vicinity of a dry cleaning establishment at North Valley Plaza, which was sold to a third party on December 18, 1997. The California Department of Toxic Substance Control (DTSC) advised the Company in 1995 that very low levels of Dichlorethylene (1,2,DCE), a degradation byproduct of PCE, have been detected in a water well located 1/4 mile west from the dry cleaners, and that the dry cleaning facility may have contributed to the introduction of 1,2 DCE into the water well. According to DTSC, the maximum contaminant level (MCL) for 1,2DCE which is permitted in drinking water is 6 parts per billion (ppb). The 1,2DCE which was detected in the water well at 1.2 ppb, is below the MCL. The Company has retained an environmental consultant and has initiated extensive testing of the site. Remediation began in October 1997. The joint venture that owned the property agreed (between itself and the buyer) that it would be responsible for continuing to pursue the investigation and remediation of impacted soil and groundwater resulting from releases of PCE from the shopping center's former dry cleaner. $124 and $155 has already been incurred by the Company for remediation, and professional and legal fees in 1997 and 1996, respectively. An additional $561 remains reserved by the Company as of December 31, 1997. The Company has initiated cost recovery actions and intends to continue to look to responsible parties for recovery.

Toluene, a petroleum constituent, was detected in one of three groundwater dewatering system holding tanks at Queens Center. Although the source of the tolulene has not been fully defined, the Company suspects the source to be either an adjacent automotive service station and/or a previous automotive service station, which operated on site prior to development of the mall. Toluene was detected at levels of 410 and 160 parts per billion (ppb) in samples taken from the tank in October, 1995 and February 1996, respectively. Additional samples were taken in May and December of 1996, with results of .63 ppb and "non-detect" for the May sampling event and 16.2 ppb and 25.2 ppb for the December sampling event. The maximum containment level (MCL) for toluene in drinking water is 1000 ppb. Although the Company believes that no remediation will be required, it set up a $150 reserve in 1996 to cover professional fees and testing costs, which was reduced by $18 of costs incurred in 1997. The Company intends to look to the responsible parties and insurers if remediation is required.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos has been detected in structural fireproofing throughout much of the Mall. Recent testing data conducted by professional environmental consulting firms indicates that the fireproofing is largely inaccessible to building occupants and is well adhered to the structural members. Additionally, airborne concentrations of asbestos are well within OSHA's permissible exposure limit (PEL) of .1 fcc. The accounting for this acquisition included a reserve of $3,300 to cover future removal of this asbestos, as necessary. The Company incurred $170 for abatement of this asbestos in 1997.

Dry cleaning chemicals including PCE were detected in soil and groundwater in the vicinity of a former dry cleaning establishment at Huntington Center. The release has been reported to the local government authorities. The Company has retained an environmental consultant and is conducting additional site assessment activities to attempt to determine the extent to which groundwater has been impacted. The Company estimates, based on the data currently available, that costs for assessment, remediation and legal services will not exceed $500. Consequently, at the time of the acquisition, the Company established a $500 reserve to cover professional and legal fees. $9 and $6 has been incurred for remediation in 1997 and 1996, respectively. The Company intends to look to responsible parties and insurers for cost recovery.

12. PROFIT SHARING PLAN:

The Management Companies and the Company have a retirement profit sharing plan that was established in 1984 covering substantially all of their eligible employees. The plan is qualified in accordance with section 401(a) of the Internal Revenue Code. Effective January 1, 1995 this plan was modified to include a 401(k) plan whereby employees can elect to defer compensation subject to Internal Revenue Service withholding rules. Contributions by the Management Companies are made at the discretion of the Board of Directors and are based upon a specified percentage of employee compensation. The Management Companies and the Company contributed $400, $350 and $348 to the plan in 1997, 1996 and 1995, respectively.

13. STOCK INCENTIVE PLAN:

The Company has established an employee stock incentive plan under which stock options or restricted stock may be awarded for the purpose of attracting and retaining executive officers, directors and key employees. The Company has issued options to employees and directors to purchase shares of the Company under the stock incentive plan. The term of these options is ten years from the grant date. These options generally vest 33 1/3% per year over three years and were issued and are exercisable at the market value of the common stock at the grant date.

In addition, the Company has established a plan for non employee directors. The non employee director options have a term of ten years from the grant date, vest six months after grant and are issued at the market value of the common stock on grant date. The plan reserved 52,500 shares, all of which were granted as of December 31, 1997.

Also, under the employees stock incentive plan 131,196 shares of restricted stock have been issued to executives. These awards are granted based on certain performance criteria for the Company. The restricted stock generally vests over 5 years and the compensation expense related to these grants is determined by market value at the grant date and is amortized over the vesting period on a straight line basis. As of December 31, 1997 and 1996, 8,248 and 0 shares, respectively, of restricted stock had vested. A total of 89,958 shares at a weighted average price of $27.46 were issued in 1997 and 41,238 shares were issued during 1996, at a weighted average price of $20.70, no shares were issued or outstanding in 1995. Restricted stock is subject to restrictions determined by the Company's compensation committee. Restricted stock has the same dividend and voting rights as other common stock and is considered issued when vested. Compensation expense for restricted stock was $239 in 1997 and $0 for the years ended December 31, 1996 and 1995.

13. STOCK INCENTIVE PLAN: (CONTINUED)

An additional 691,803 and 412,762 shares were reserved and were available for issuance under the stock incentive plan at December 31, 1997 and 1996, respectively. The plan allows for granting options or restricted stock at market value.

	EMPLOYEE PLAN		DIRECTOR PLAN		# OF OPTIONS EXERCISABLE AT YEAR END	WEIGHTED AVERAGE EXERCISE PRICE ON EXERCISABLE OPTIONS AT YEAR END
	SHARES	OPTION PRICE PER SHARE	SHARES	OPTION PRICE PER SHARE		
Shares outstanding at December 31, 1994	1,148,000	$ 19.00-$19.63	17,500	$ 19.00-$21.38		
Granted	115,000	$ 20.25	5,000	$ 20.00		
Exercised	(2,000)	$ 19.00	--	--		
Forfeited	(6,500)	--	--	--		
Shares outstanding at December 31, 1995	1,254,500	$ 19.00-$20.25	22,500	$ 19.00-$21.38	399,784	$ 19.02
Granted	281,000	$ 21.62	5,000	$ 26.12		
Exercised	(16,000)	$ 19.00	--	--		
Forfeited	(7,166)	--	--	--		
Shares outstanding at December 31, 1996	1,512,334	$ 19.00-$21.62	27,500	$ 19.00-$26.12	793,697	$ 19.09
Granted	349,109	$ 26.50-$26.88	25,000	$ 28.50		
Exercised	(253,552)	$ 19.00	--	--		
Forfeited	(8,000)	--	--	--		
Shares outstanding at December 31, 1997	1,599,891	$ 19.00-$26.88	52,500	$ 19.00-$28.50	1,230,227	$ 20.58

The weighted average exercise price for options granted in 1995 is $20.25, in 1996 is $21.65 and in 1997 is $27.06.

13. STOCK INCENTIVE PLAN: (CONTINUED)

The weighted average remaining contractual life for options outstanding at December 31, 1997 is 6.25 years and the weighted average remaining contractual life for options exercisable at December 31, 1997 is 6.25 years.

The Company records options granted using Accounting Principles Board (APB) opinion Number 25, Accounting for Stock Issued to Employees and Related Interpretations. Accordingly, no compensation expense is recognized on the date the options are granted. If the Company had recorded compensation expense using the methodology prescribed in Financial Accounting Standards Number 123, the Company's net income would have been reduced by approximately $108 or $0.00 per share for the year ended December 31, 1997 and $56 or $0.00 per share for the year ended December 31, 1996.

The weighted average fair value of options granted during 1997 and 1996 are $2.51 and $1.89, respectively. The fair value of each option grant issued in 1997 and 1996 is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: (a) dividend yield of 7.0% in 1997 and 7.5% in 1996, (b) expected volatility of the Company's stock of 14.9% in 1997 and 17.6% in 1996, (c) a risk free interest rate based on U.S. Zero Coupon Bonds with time of maturity approximately equal to the options' expected time to exercise and (d) expected option lives of five and seven years for options granted in 1997 and 1996, respectively.

14. DEFERRED COMPENSATION PLANS:

The Company has established deferred compensation plans under which key executives of the Company may elect to defer receiving a portion of their cash compensation otherwise payable in one calendar year until a later year. The Company may, as determined by the Board of Directors in its sole discretion, credit a participant's account with an amount equal to a percentage of the participant's deferral. The Company contributed $154 during 1997, $125 during 1996 and $104 in 1995 to two of these plans.

In addition, certain executives have split dollar life insurance agreements with the Company whereby the Company generally pays annual premiums on a life insurance policy in an amount equal to the executives deferral under one of the Company's deferred compensation plans.

15. ACQUISITIONS:

On March 16, 1994, concurrent with the IPO, the Company acquired Crossroads Mall--Oklahoma ("Crossroads--OK"). Crossroads--OK is a 1,112,470 million square foot super regional mall in Oklahoma City, Oklahoma. The purchase price was $51,500 and was paid in cash.

On July 21, 1994, the Company acquired Chesterfield Towne Center ("Chesterfield") in Richmond, Virginia. Chesterfield is a 817,290 square foot regional mall. The purchase price of $84,500 was paid with approximately $13,100 in cash, $3,900 in OP Units of the Operating Partnership and assumption of the existing mortgage of approximately $67,500.

On August 15, 1995 the Company acquired The Centre at Salisbury ("Salisbury"), an 883,791 square foot super regional mall. The total purchase price was $78,000, and was comprised of $55,600 of cash, $21,000 of debt and approximately $1,400 in OP Units.

Capitola Mall ("Capitola") was acquired on December 21, 1995. Capitola is a 585,340 square foot regional mall. The purchase price was $57,500 and was comprised of the issuance of OP Units valued at

15. ACQUISITIONS: (CONTINUED)
$12,100, the assumption of $38,300 of mortgage indebtedness, and cash of $2,100. The remaining $5,000 of consideration will be paid in OP Units in five years.

Queens Center ("Queens"), a 625,677 square foot regional mall, was acquired on December 28, 1995. The total purchase price was $108,000 which consisted of assumption of debt of $66,000 and $42,000 of cash.

Villa Marina Marketplace ("Villa Marina") was acquired on January 25, 1996. Villa Marina is a 448,517 square foot community center/entertainment complex located in Marina del Rey, California. The purchase price was $80,000, consisting of $57,600 of cash and $22,400 of assumption of mortgage indebtedness.

Valley View Center is a super regional mall in Dallas, Texas which the Company acquired on October 21, 1996. Valley View Mall contains 1,519,453 square feet and the purchase price was $87,500.

Rimrock Mall, located in Billings, Montana, and Vintage Faire Mall, located in Modesto, California were purchased simultaneously on November 27, 1996. The combined purchase price was $118,200. Vintage Faire Mall is a super regional mall with 1,051,458 square feet and Rimrock Mall is a regional mall consisting of 581,688 square feet.

Buenaventura Mall, Fresno Fashion Fair and Huntington Center were purchased on December 18, 1996 for a combined price of $128,900. Buenaventura Mall, located in Ventura, California, is an 801,277 square foot regional mall, Fresno Fashion Fair, located in Fresno, California, is a super regional mall containing 881,394 square feet and Huntington Center, located in Huntington Beach, California, consists of 839,901 square feet.

South Towne Center was acquired on March 27, 1997. South Towne Center is a 1,240,143 square foot super regional mall located in Sandy, Utah. The purchase price was $98,000, consisting of $52,000 of cash and $46,000 of assumed mortgage indebtedness.

Stonewood Mall is a super regional mall in Downey, California which the Company acquired on August 6, 1997. Stonewood Mall contains 927,218 square feet and the purchase price was $92,000 which was funded with $58,000 in proceeds from a 10 year fixed rate loan placed concurrently on Villa Marina Marketplace and the balance from cash on hand.

Manhattan Village located in Manhattan Beach, California was purchased by a joint venture on August 19, 1997. The Company owns a 10% interest in the joint venture. Manhattan Village is a regional center with a total of 551,685 square feet of retail, restaurant and entertainment space. The purchase price was $66,600.

The Citadel, a 1,044,852 square foot super regional mall in Colorado Springs, Colorado was purchased on December 19, 1997 for $108,000. The purchase price was funded by a concurrently placed loan of $75,600 plus $32,400 in cash.

Great Falls Marketplace is a 143,570 square foot community center developed by the Management Companies and sold to the Company on December 31, 1997. The purchase price of $14,800 approximates the cost incurred by the Management Companies to acquire and develop the site.

On February 27, 1998, the Company, through a recently formed 50/50 joint venture with an affiliate of Simon DeBartolo Group, Inc., acquired the ERE Yarmouth portfolio of twelve regional malls. The properties in the portfolio comprise 10.7 million square feet and are located in eight states. The total purchase price was $974,500, which included $485,000 of assumed debt.

16. UNAUDITED PRO FORMA FINANCIAL INFORMATION:

The following unaudited pro forma financial information combines the consolidated results of operations of the Company for 1997 and 1996 as if the 1997 Acquisitions had occurred on January 1, 1996, after giving effect to certain adjustments, including depreciation, interest expense relating to debt incurred to finance the acquisitions and general and administrative expense to manage the properties. The pro forma information is based on assumptions management believes to be appropriate. The pro forma information is not necessarily indicative of what the actual results would have been had the acquisitions occurred at the beginning of the period indicated, nor does it purport to project the Company's financial position or results of operations at any future date or for any future period.

	YEARS ENDED DECEMBER 31,	
	1997	1996
Revenues	$ 242,084	$ 189,358
Income before minority interest and extraordinary items	30,984	27,837
Income before extraordinary items	20,935	17,730
Net income	20,558	17,415
Per share income before extraordinary items	$ 0.80	$ 0.85
Net income per share--basic	$ 0.79	$ 0.84
Weighted average number of common shares outstanding-- basic	25,891	20,781
Per share income before extraordinary items	$ 0.79	$ 0.83
Net income per share--diluted	$ 0.78	$ 0.82
Weighted average number of common shares outstanding-- diluted	26,312	21,167

17. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following is a summary of periodic results of operations for 1997 and 1996:

	1997 QUARTER ENDED				1996 QUARTER ENDED			
	DEC 31	SEPT 30	JUNE 30	MAR 31	DEC 31	SEPT 30	JUNE 30	MAR 31
Revenues	$ 61,529	$ 57,032	$ 52,350	$ 50,303	$ 43,924	$ 37,749	$ 38,093	$ 35,293
Income before minority interest and extraordinary items	10,626	2,792	9,839	9,911	8,417	7,479	7,240	7,065
Income before extraordinary items	7,253	2,035	6,385	6,751	5,539	4,659	4,502	4,401
Net income	7,253	1,870	6,172	6,751	5,539	4,659	4,312	4,401
Income before extraordinary items per share--basic	$ 0.28	$ 0.07	$ 0.25	$ 0.26	$ 0.24	$ 0.23	$ 0.22	$ 0.22
Net income per share--basic	$ 0.28	$ 0.07	$ 0.24	$ 0.26	$ 0.24	$ 0.23	$ 0.21	$ 0.22

18. SUBSEQUENT EVENTS:

On January 30, 1998 a $0.46 per share dividend was declared, payable to stockholders of record as of February 9, 1998 and paid on March 5, 1998.

On February 27, 1998, the Company, through a 50/50 joint venture, acquired a portfolio of 12 regional malls. The total purchase price was $974,500 including the assumption of $485,000 in debt. The Company funded its half of the remaining purchase price by issuing 3,627,131 shares of convertible preferred stock for proceeds totaling $100,000 in a private placement. The preferred stock can be converted on a one for one basis into common stock and will pay a dividend equal to the greater of $0.46 per share per quarter or the dividend then payable on a share of common stock. The Company also issued 2,879,134 shares of common stock ($79,600 of total proceeds) from the Company's shelf registration, at an average price of $27.65, to two unit trusts. The balance of the purchase price was funded from the Company's $150,000 line of credit.

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1997
(IN THOUSANDS)

	INITIAL COST TO COMPANY			COST CAPITALIZED SUBSEQUENT TO ACQUISITION	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD		
	LAND	BUILDING AND IMPROVEMENTS	EQUIPMENT AND FURNISHINGS		LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT
Shopping Centers							
Bristol Shopping Center.....	$ 0	$ 11,051	$ 0	$ 1,856	$ 132	$ 12,773	$ 0
Boulder Plaza.....	2,650	7,950	0	2,154	2,919	9,835	0
Buenaventura Mall.....	8,697	8,697	0	1,738	8,697	8,793	6
Capitola Mall.....	11,312	46,689	0	914	11,309	47,577	29
Chesterfield Towne Center.....	18,517	72,936	2	5,798	18,517	77,076	1,620
Citadel, The.....	21,600	86,711	0	0	21,600	86,711	0
County East Mall.....	2,633	15,131	716	13,292	4,099	26,833	793
Crossroads Mall--Boulder.....	0	37,528	64	29,253	21,616	41,964	115
Crossroads Mall--Oklahoma.....	10,279	43,458	291	5,914	10,279	45,944	339
Fresno Fashion Fair.....	17,966	72,194	0	(1,173)	17,966	70,986	33
Great Falls Marketplace.....	2,960	11,840	0	0	2,960	11,840	0
Greeley Mall.....	5,600	12,617	13	7,561	5,600	20,100	91
Green Tree Mall.....	4,947	14,893	332	22,813	4,947	37,599	439
Holiday Village Mall.....	2,311	13,488	138	22,025	3,491	34,268	203
Huntington Center.....	11,868	11,868	0	1,449	11,868	11,965	4
Lakewood Mall.....	12,502	31,158	117	92,888	24,913	109,456	638
Northgate Mall.....	7,144	29,805	841	24,051	8,400	52,508	929
Parklane Mall.....	1,377	11,775	173	16,175	2,409	25,206	395
Queens Center.....	21,460	86,631	8	1,670	21,454	87,390	629
Rimrock Mall.....	8,737	35,652	0	929	8,737	36,498	77
Salisbury, The Centre at.....	15,290	63,474	31	925	15,284	63,967	469
South Towne Center.....	19,600	78,954	0	3,030	19,600	81,961	23
Stonewood Mall.....	18,400	73,933	0	127	18,400	74,046	14
Valley View Center.....	17,100	68,687	0	3,368	17,100	71,261	616
Villa Marina Marketplace.....	15,852	65,441	0	400	15,852	65,811	21
Vintage Faire Mall.....	14,902	60,532	0	751	14,901	61,188	93
	$ 273,703	$ 1,073,092	$ 2,726	$ 257,908	$ 313,050	$ 1,273,556	$ 7,576

	CONSTRUCTION IN PROGRESS	TOTAL	ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION
Shopping Centers				
Bristol Shopping Center.....	$ 2	$ 12,907	$ 5,140	$ 7,767
Boulder Plaza.....	0	12,754	2,542	10,212
Buenaventura Mall.....	1,635	19,131	243	18,888
Capitola Mall.....	0	58,915	2,514	56,401
Chesterfield Towne Center.....	40	97,253	8,594	88,659
Citadel, The.....	0	108,311	85	108,226
County East Mall.....	47	31,772	9,452	22,320
Crossroads Mall--Boulder.....	3,150	66,845	22,224	44,621
Crossroads Mall--Oklahoma.....	3,380	59,942	5,695	54,247
Fresno Fashion Fair.....	2	88,987	1,927	87,060
Great Falls Marketplace.....	0	14,800	1	14,799
Greeley Mall.....	0	25,791	9,022	16,769
Green Tree Mall.....	0	42,985	19,299	23,686
Holiday Village Mall.....	0	37,962	19,161	18,801
Huntington Center.....	1,347	25,184	327	24,857
Lakewood Mall.....	1,658	136,665	41,447	95,218
Northgate Mall.....	4	61,841	17,756	44,085
Parklane Mall.....	1,490	29,500	15,539	13,961
Queens Center.....	296	109,769	4,555	105,214
Rimrock Mall.....	6	45,318	1,053	44,265
Salisbury, The Centre at.....	0	79,720	3,987	75,733
South Towne Center.....	0	101,584	1,640	99,944
Stonewood Mall.....	0	92,460	769	91,691
Valley View Center.....	178	89,155	2,238	86,917
Villa Marina Marketplace.....	9	81,693	3,294	78,399
Vintage Faire Mall.....	3	76,185	1,746	74,439
	$ 13,247	$1,607,429	$ 200,250	$1,407,179

REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1997
(IN THOUSANDS)

Depreciation and amortization of the Macerich Company's investment in buildings and improvements reflected in the statements of income are calculated over the estimated useful lives of the asset as follows:

Buildings and Improvements	5-40 years
Tenant Improvements	life of related lease
Equipment and Furnishings	5-7 years

The changes in total real estate assets for the three years ended December 31, 1997 are as follows:

	1995	1996	1997
Balance, beginning of year	554,788	833,998	1,273,085
Additions	279,210	439,087	334,344
Disposals and retirements	0	0	0
Balance, end of year	833,998	1,273,085	1,607,429

The changes in accumulated depreciation and amortization for the three years ended December 31, 1997 are as follows:

	1995	1996	1997
Balance, beginning of year	119,466	139,098	164,417
Additions	19,632	25,319	35,833
Disposals and retirements	0	0	0
Balance, end of year	139,098	164,417	200,250

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

THE MACERICH COMPANY

By: /s/ ARTHUR M. COPPOLA
Arthur M. Coppola
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
/s/ ARTHUR M. COPPOLA Arthur M. Coppola	President and Chief Executive Officer And Director	March 26, 1998
/s/ MACE SIEGEL Mace Siegel	Chairman of the Board	March 26, 1998
/s/ DANA K. ANDERSON Dana K. Anderson	Vice Chairman of the Board	March 26, 1998
/s/ EDWARD C. COPPOLA Edward C. Coppola	Executive Vice President and Director	March 26, 1998
/s/ JAMES COWNIE James Cownie	Director	March 26, 1998
/s/ THEODORE HOCHSTIM Theodore Hochstim	Director	March 26, 1998
/s/ FREDERICK HUBBELL Frederick Hubbell	Director	March 26, 1998
/s/ STANLEY MOORE Stanley Moore	Director	March 26, 1998
/s/ WILLIAM SEXTON William Sexton	Director	March 26, 1998
/s/ THOMAS E. O'HERN Thomas E. O'Hern	Senior Vice President, Treasurer and Chief Financial and Accounting Officer	March 26, 1998

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
3.1*	Articles of Amendment and Restatement of the Company	
3.1.1**	Articles Supplementary of the Company	
3.2*	Bylaws of the Company	
4.1**	Form of Common Stock Certificate	
4.2	Form of Preferred Stock Certificate	
4.3*****	Indenture for Convertible Subordinated Debentures dated June 27, 1997	
10.1***	Amended and Restated Limited Partnership Agreement for the Operating Partnership, dated as of March 16, 1994	
10.1.1*****	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated June 27, 1997	
10.1.2	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated November 16, 1997	
10.1.3	Fourth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 25, 1998	
10.1.4	Fifth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 26, 1998	
10.2***	Employment Agreement between the Company and Mace Siegel, dated as of March 16, 1994	
10.2.1***	List of omitted Employment Agreements	
10.2.2	Employment Agreement between Macerich Management Company and Larry Sidwell dated as of February 11, 1997	
10.3	The Macerich Company Amended and Restated 1994 Incentive Plan	
10.4****	The Macerich Company 1994 Eligible Directors' Stock Option Plan	
10.5****	The Macerich Company Deferred Compensation Plan	
10.6****	The Macerich Company Deferred Compensation Plan for Mall Executives	
10.7***	The Macerich Company Eligible Directors' Deferred Compensation Plan/Phantom Stock Plan	
10.8***	The Macerich Company Executive Officer Salary Deferral Plan	
10.9***	Registration Rights Agreement, dated as of March 16, 1994, between the Company and The Northwestern Mutual Life Insurance Company	
10.10***	Registration Rights Agreement, dated as of March 16, 1994, among the Company and Mace Siegel, Dana K. Anderson, Arthur M. Coppola and Edward C. Coppola	
10.11***	Registration Rights Agreement, dated as of March 16, 1994, among the Company, Richard M. Cohen and MRII Associates	
10.12*****	Registration Rights Agreement dated as of June 27, 1997	
10.13	Registration Rights Agreement dated as of February 25, 1998	
10.14***	Incidental Registration Rights Agreement, dated as of March 16, 1994	
10.15	Incidental Registration Rights Agreement dated as of July 21, 1994	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.16	Incidental Registration Rights Agreement dated as of August 15, 1995	
10.17	Incidental Registration Rights Agreement dated as of December 21, 1995	
10.17.1	List of Incidental/Demand Registration Rights Agreements, Election Forms, Accredited/Non-Accredited Investors Certificates, and Investor Certificates	
10.18***	Indemnification Agreement, dated as of March 16, 1994, between the Company and Mace Siegel	
10.18.1***	List of omitted Indemnification Agreements	
10.19*	Partnership Agreement for Macerich Northwestern Associates, dated as of January 17, 1985, between Macerich Walnut Creek Associates and The Northwestern Mutual Life Insurance Company	
10.20***	First Amendment to Macerich Northwestern Associates Partnership Agreement between Operating Partnership and The Northwestern Mutual Life Insurance Company	
10.21*	Agreement of Lease (Crossroads-Boulder), dated December 31, 1960, between H.R. Hindry, as lessor, and Gerri Von Frellick, as lessee, with amendments and supplements thereto	
10.22	Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by Edward C. Coppola to the order of the Company	
10.23	List of omitted Secured Full Recourse Notes	
10.24	Stock Pledge Agreement dated as of November 17, 1997 made by Edward C. Coppola for the benefit of the Company	
10.25	List of omitted Stock Pledge Agreements	
10.26	Promissory Note dated as of May 2, 1997 made by David S. Contis to the order of Macerich Management Company	
10.27******	Purchase and Sale Agreement between The Equitable Life Assurance Society of the United States and S.M. Portfolio Partners	
10.28	Partnership Agreement of S.M. Portfolio Ltd. Partnership	
21.1	List of Subsidiaries	
23.1	Consent of Independent Accountants (Coopers & Lybrand L.L.P.)	

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* Previously filed as an exhibit to the Company's Registration Statement on Form S-11, as amended (No. 33-68964), and incorporated herein by reference.

** Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date May 30, 1995, and incorporated herein by reference.

*** Previously filed as an exhibit to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, and incorporated herein by reference.

**** Previously filed as an exhibit to the Company's Quarterly Statement on Form 10-Q for the quarter ended June 30, 1994, and incorporated herein by reference.

***** Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date June 20, 1997, and incorporated herein by reference.

****** Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date February 27, 1998, and incorporated herein by reference.

NUMBER SHARES

THE MACERICH COMPANY
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK, $0.01 PAR VALUE

SEE REVERSE FOR IMPORTANT NOTICE ON TRANSFER RESTRICTIONS AND OTHER INFORMATION

This Certifies that _____ is the record holder of _____ fully paid and nonassessable Shares of the Series A Cumulative Convertible Preferred Stock of

THE MACERICH COMPANY
Incorporated under the Laws of the State of Maryland

transferable on the share register of said Corporation in person or by its duly authorized Attorney upon surrender of this Certificate properly endorsed or assigned. This Certificate and the shares represented hereby are issued and shall be held subject to all of the provisions of the charter of the Corporation (the "Charter") and the Bylaws of the Corporation and any amendments thereto.

IMPORTANT NOTICE

The Corporation will furnish to any stockholder, on request and without charge, a full statement of the information required by Section 2-211(b) of the Corporations and Associations Article of the Annotated code of Maryland with respect to the designations and any preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, and terms and conditions of redemption of the stock of each class which the Corporation has authority to issue and, if the Corporation is authorized to issue any preferred or special class in series, (i) the differences in the relative rights and preferences between the shares of each series to the extent set, and (ii) the authority of the Board of Directors to set such rights and preferences of subsequent series. The foregoing summary does not purport to be complete and is subject to and qualified in its entirety by reference to the charter of the Corporation, a copy of which will be sent without charge to each stockholder who so requests. Such request must be made to the Secretary of the Corporation at its principal office.

Witness the Seal of the Corporation and the signatures of its duly authorized officers.

Dated:

- ---------- ----------
President Secretary

For Value Received,_____ hereby sell, assign and transfer unto _____ Shares of the Series A Cumulative Convertible Preferred Stock represented by the within Certificate, and do hereby irrevocably constitute and appoint _____ Attorney to transfer the said Stock on the books of the within named Corporation with full power of substitution in the premises.

Dated _____

in presence of _____

NOTICE. THE SIGNATURE OF THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THE CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATEVER.

THIS SECURITY AND ANY COMMON STOCK ISSUED ON CONVERSION HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, OR OTHERWISE TRANSFERRED IN THE ABSENCE OF SUCH REGISTRATION OR AN APPLICABLE EXEMPTION THEREFROM.

NO.

CERTIFICATE
FOR

SHARES
OF
SERIES A CUMULATIVE CONVERTIBLE
PREFERRED STOCK

ISSUED TO

DATED

The securities represented by this certificate are subject to restrictions on ownership and transfer for the purpose of the Corporation's maintenance of its status as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"). Except as otherwise provided pursuant to the charter of the Corporation, no Person may (1) Beneficially Own shares of Equity Stock in excess of 5.0% (or such greater percentage as may be provided in the charter of the Corporation) of the number or value of the outstanding Equity Stock of the Corporation (unless such Person is an Excluded Participant), or (2) Beneficially Own Equity Stock that would result in the Corporation being "closely held" under Section 856(h) of the Code (determined without regard to Code Section 856(h)(2) and by deleting the words "the last half of" in the first sentence of Code Section 542(a)(2) in applying Code Section 856(h)), or (3) beneficially own Equity Stock that would result in Common Stock and Preferred Stock being beneficially owned by fewer than 100 Persons (determined without reference to any rules of attribution). Any Person who attempts to Beneficially Own Shares of Equity Stock in excess of the above limitations must immediately notify the Corporation. All capitalized terms in this legend have the meanings defined in the Corporation's charter, as the same may be further amended from time to time, a copy of which, including the restrictions on ownership or transfer, will be sent without charge to each stockholder who so requests. Transfers or other events in violation of the restrictions described above shall be null and void AB INITIO, and the purported transferee or purported owner shall acquire or retain no rights to, or economic interest in, any Equity Stock held in violation of these restrictions. The Corporation may redeem such shares upon the terms and conditions specified by the Board of Directors in its sole discretion if the Board of Directors determines that a Transfer or other event would violate the restrictions described above. In addition, if the restrictions on ownership or transfer are violated, the shares of Equity Stock represented hereby shall be automatically exchanged for shares of Excess Stock which will be held in trust for the benefit of a Beneficiary. Excess stock may not be transferred at a profit. The Corporation has an option to acquire Excess Stock under certain circumstances.

AMENDMENT TO THE
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT OF
THE MACERICH PARTNERSHIP, L.P.

THIS AMENDMENT (the "AMENDMENT") TO THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT DATED AS OF MARCH 16, 1994, AMENDED AS OF AUGUST 14, 1995 AND AS OF JUNE 27, 1997 (the "AGREEMENT") OF THE MACERICH PARTNERSHIP, L.P. (the "PARTNERSHIP") is dated effective as of November 16, 1997.

RECITALS

WHEREAS, The Macerich Company, the general partner of the Partnership (the "GENERAL PARTNER"), has determined to amend the Partnership Agreement to clarify and confirm its ability to borrow funds from the Partnership in order to make loans for such purposes as are permitted under The Macerich Company Amended and Restated 1994 Incentive Plan (the "PLAN").

WHEREAS, SECTION 3.3(c) of the Agreement contemplates that the General Partner may provide incentives to its executive officers in accordance with the Plan, including the making of loans to such executive officers for such purposes as are permitted by the Plan;

WHEREAS, SECTION 3.4 of the Agreement purportedly limits the ability of the General Partner to incur indebtedness and does not expressly include an exception that would allow the General Partner to incur indebtedness from the Partnership for such purposes as are permitted under the Plan and as contemplated by SECTION 3.3(c) of the Agreement;

WHEREAS, the operation of SECTION 3.4 of the Agreement together with SECTION 3.3(c) of the Agreement creates an ambiguity which the General Partner desires to clarify;

WHEREAS, the General Partner has determined that authorizing the General Partner to incur indebtedness from the Partnership for such purposes as are permitted under the Plan is a change that is of an inconsequential nature and does not adversely affect the limited partners in any material respect;

WHEREAS, SECTION 12.1(b)(iv) of the Agreement provides that the General Partner has the power, without the consent of the limited partners of the Partnership, to amend the Agreement as may be required to (i) cure any ambiguity and correct any provision of the Agreement or (ii) reflect a change that is of an inconsequential nature and does not adversely affect the limited partners in any material respect;

WHEREAS, the General Partner has made the determination that consent of the partners of the Partnership is not required with respect to the matters set forth in this Amendment because this Amendment: (i) is being executed for the purpose of curing an ambiguity created by the relationship between SECTION 3.3(c) and SECTION 3.3 (and correcting SECTION 3.4); (ii) in any event, reflects a change that is of an inconsequential nature and does not adversely affect the limited partners in any material respect; and (iii) does not otherwise require the consent of the limited partners pursuant to SECTION 12.1(c); and

WHEREAS, all things necessary to make this Amendment a valid agreement of the Partnership have been done;

NOW, THEREFORE, pursuant to the authority granted to the General Partner under the Agreement, the Agreement is hereby amended as follows:

1. Amendment:

Section 3.4 of the Agreement is hereby amended to read as follows:

> Notwithstanding anything to the contrary in SECTION 3.3, the General Partner may from time to time advance funds to the Partnership for any proper Partnership purpose as a loan ("FUNDING LOAN") or a preferred equity investment ("PREFERRED INVESTMENT"), provided that any such funds must first be obtained by the General Partner from a third party lender, and then all of such funds must be advanced or contributed by the General Partner to the Partnership as a Funding Loan or Preferred Investment on substantially the same terms and conditions, including principal amount or preferred equity amount, rate of interest or preferred return, repayment or redemption schedule, and costs and expenses, as shall be applicable with respect to or incurred in connection with such loan with such third party lender. The General Partner shall not incur any indebtedness for borrowed funds, except for (i) Funding Loans or Preferred Investments; (ii) loans from the Partnership to the General Partner to the extent the proceeds thereof are used to fund, directly or indirectly, participations in, or acquisitions of, any real or personal property interests for the account of the General Partner if, and only if, the Partnership participates or acquires an interest in such property at least to the extent of 99 times such proposed participation or acquisition, directly or through a wholly-owned entity, by the General Partner; and/or (iii) loans from the Partnership to the General Partner to facilitate the making of loans by the General Partner for such purposes as are authorized under the Plan.

2. DEFINED TERMS AND RECITALS. As used in this Amendment, capitalized terms used and defined in this Amendment shall have the meaning assigned to them in this Amendment, and capitalized terms used in this Amendment but not defined herein, shall have the meaning assigned

to them in the Agreement.

3. RATIFICATION AND CONFIRMATION. Except to the extent specifically amended by this Amendment, the terms and provisions of the Agreement, as previously amended, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the undersigned has executed this Amendment effective as of the date first above mentioned.

GENERAL PARTNER:

THE MACERICH COMPANY,
a Maryland corporation

By: /s/ Richard A. Bayer

Richard A. Bayer
General Counsel & Secretary

FOURTH AMENDMENT TO THE
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT OF
THE MACERICH PARTNERSHIP, L.P.

THIS FOURTH AMENDMENT (the "AMENDMENT") TO THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT DATED AS OF MARCH 16, 1994, AMENDED AS OF AUGUST 14, 1995, FURTHER AMENDED AS OF JUNE 27, 1997, AND FURTHER AMENDED AS OF NOVEMBER 16, 1997 (the "AGREEMENT") OF THE MACERICH PARTNERSHIP, L.P. (the "PARTNERSHIP") is dated effective as of February 25, 1998.

RECITALS

WHEREAS, The Macerich Company, the general partner of the Partnership (the "GENERAL PARTNER"), will be issuing to Security Capital Preferred Growth Incorporated ("Security Capital"), 3,627,131 shares of Series A Cumulative Convertible Redeemable Preferred Stock, $.01 par value per share ("SERIES A PREFERRED SHARES"), pursuant to the Series A Preferred Securities Purchase Agreement dated as of January 19, 1998 between the General Partner and Security Capital (the "Purchase Agreement");

WHEREAS, SECTION 3.3 (a)(i) of the Agreement authorizes the General Partner to cause the Partnership to issue additional interests in the Partnership in one or more classes, or one or more series of any of such classes, with such designations, preferences and relative, participating, optional or other special rights, powers and duties, including rights, powers and duties senior to those of the Limited Partners, all as shall be determined by the General Partner in its sole and absolute discretion and without the approval of any of the Limited Partners; PROVIDED, HOWEVER, that any such additional interests in the Partnership must be issued in connection with an issuance of shares of or other interests in the General Partner, which shares or interests have designations, preferences and other rights, all such that the economic interests are substantially similar to the designations, preferences and other rights of the additional interests in the Partnership being issued to the General Partner by the Partnership in accordance with SECTION 3.3. OF THE AGREEMENT, and the General Partner shall make a capital contribution to the Partnership in an amount equal to the proceeds raised in connection with the issuance of such shares of or other interests in the General Partner;

WHEREAS, SECTION 12.1(b)(iii) of the Agreement provides that the General Partner has the power, without the consent of the Limited Partners of the Partnership, to amend the Agreement as may be required to facilitate or implement setting forth the designations, rights, powers, duties, and preferences of the holders of any additional interests in the Partnership issued pursuant to SECTION 3.3;

WHEREAS, the General Partner has made the determination pursuant to SECTION 12.1(b)(iii) of the Agreement that consent of the Limited Partners of the Partnership is not required with respect to the matters set forth in this Amendment; and

WHEREAS, all things necessary to make this Amendment a valid agreement of the Partnership have been done;

NOW, THEREFORE, pursuant to the authority granted to the General Partner under the Agreement, the Agreement is hereby amended as follows:

1. Amendments:

(a) Section 2.2 of the Agreement is hereby amended by inserting the following new Section 2.2(c) to read as follows:

(c) SERIES A PREFERRED UNITS. The General Partner hereby makes a capital contribution to the Partnership in the amount of the gross proceeds from the sale of the Series A Preferred Shares to Security Capital pursuant to the Purchase Agreement, which amount is $100,000,001.67. In exchange for such capital contribution, the Partnership hereby issues to the General Partner 3,627,131 Series A Preferred Units, each Series A Preferred Unit representing a capital contribution of $27.57. Series A Preferred Units shall entitle the General Partner to a Preferred Return, all as described in SECTION 4.1 of the Agreement. Series A Preferred Units shall be converted into Common Units at the time the Series A Preferred Shares are converted into common shares of the General Partner in an amount of Common Units equal to the total amount of such converted common shares divided by the Conversion Factor. To the extent that Series A Preferred Shares are being redeemed, the General Partner shall be obligated to put to the Partnership a number of Series A Preferred Units equal to the number of Series A Preferred Shares being redeemed or repaid. Upon putting a Series A Preferred Unit to the Partnership, the General Partner will be paid, in liquidation of each Series A Preferred Unit being put to the Partnership, an amount equal to $27.57 plus any accumulated, accrued and unpaid Series A Preferred Return on such Series A Preferred Unit, PLUS any other amounts owed or to be paid by the General Partner in connection with the redemption of the corresponding Series A Preferred Share; PROVIDED, HOWEVER, that the General Partner shall not put the Series A Preferred Units to the Partnership if the payment in liquidation of those Series A Preferred Units would cause the Partnership or the General Partner to be in violation of (i) any provision of any agreement with respect to indebtedness, including the Credit and Guaranty Agreement and those agreements with respect to the Convertible Subordinated Debentures (the "Debt Instruments"), or (ii) Section 17-607 of the Act. Before any Series A Preferred Units may be put to the Partnership, the General Partner shall determine in good faith that the redemption of such Series A Preferred Units will not cause a violation of the Debt Instruments

or Section 17-607 of the Act. To the extent the General Partner is not permitted to make a payment in respect of the Series A Preferred Shares by reason of a restriction imposed by the Debt Instruments or Section 17-607 of the Act, the Partnership shall not, and shall not be obligated to, make any such payment to the General Partner with respect to the corresponding Series A Preferred Units.

(b) Section 4.1 of the Agreement is hereby amended to read as follows:

4.1 DISTRIBUTION OF NET CASH FLOW. The General Partner shall cause the Partnership to distribute all or a portion of Net Cash Flow to the Partners from time to time as determined by the General Partner, but in any event not less frequently than quarterly, in such amounts as the General Partner shall determine. Notwithstanding the foregoing, the General Partner shall use its reasonable efforts to cause the Partnership to distribute sufficient amounts to enable the General Partner to pay shareholder dividends that will (a) satisfy the requirements for qualifying as a REIT under the Code and Regulations ("REIT REQUIREMENTS"), and (b) avoid any federal income or excise tax liability of the General Partner. All amounts withheld pursuant to the Code or a provision of any state or local tax law with respect to any allocation, payment or distribution to the General Partner or any Limited Partner shall be treated as amounts distributed to such Partner. Upon the receipt by the General Partner of each Exercise Notice pursuant to which one or more Redemption Partners exercise Redemption Rights in accordance with the provisions of ARTICLE IX and the Redemption Rights Exhibit, the General Partner shall, unless the General Partner has elected to issue only Shares to such Redemption Partners in respect of the Purchase Price of the Offer Interests, cause the Partnership to distribute to the Partners, PRO RATA in accordance with their respective Percentage Interests as of the date of delivery of such Exercise Notice, all (or such lesser portion as the General Partner shall reasonably determine to be prudent under the circumstances) of Net Cash Flow, which distribution shall be made prior to the closing of the redemption or purchase and sale of the Offered Interests specified in such Exercise Notice. Subject to any restrictions or limitations imposed by the Debt Instruments or Section 17-607 of the Act, distributions shall be made in accordance with the following order of priority:

(a) First, semi-annual distributions to the General Partner with respect to the Preferred Units in an amount equal to the cumulative and unpaid Preferred Return on such Preferred Units in such a way as to allow the General Partner to pay interest and any additional amounts on the Convertible Subordinated Debentures payable to the holders thereof;

(b) Second, to the General Partner with respect to the Series A Preferred Units in an amount equal to the cumulative and unpaid Series A Preferred Return on such Series A Preferred Units in such a way as to allow the General Partner to

pay cumulative preferential dividends and any additional amounts required on the Series A Preferred Shares payable to the holders thereof; and

(c) Next, to the Partners holding Common Units, PRO RATA in accordance with such Partners' then Percentage Interests.

(c) The definition of the term "Partnership Interest" contained in the Glossary of Defined Terms of the Agreement is hereby amended to read as follows:

"PARTNERSHIP INTEREST" shall mean an ownership interest of a Partner in the Partnership from time to time, including, as applicable, such Partner's Preferred Units, Series A Preferred Units and Percentage Interest and such Partner's Capital Account, and any and all other benefits to which the holder of such Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms of this Agreement.

(d) The definition of the term "Partnership Unit" contained in the Glossary of Defined Terms of the Agreement is hereby amended to read as follows:

"PARTNERSHIP UNIT" shall mean a Common Unit, Preferred Unit or Series A Preferred Unit and shall constitute a fractional, undivided share of the Partnership Interests corresponding to that particular class of Units. [The allocation of Partnership Units among the Partners as of this date is as set forth on EXHIBIT D.]

(e) The definition of the term "Common Unit" contained in the Glossary of Defined Terms of the Agreement is hereby amended to read as follows:

"COMMON UNIT" shall mean Partnership Interests other than Preferred Units and Series A Preferred Units.

(f) The Glossary of Defined Terms of the Agreement is hereby amended to include the following definitions:

"SERIES A PREFERRED RETURN" shall mean an amount per Series A Preferred Unit equal to the greater of (i) an annual distribution of $1.84 or (ii) the regular cash distributions on the Common Units, or portion thereof, into which a Series A Preferred Unit is convertible. The Series A Preferred Return will be based on the General Partner's Capital Contribution in respect of the Series A Preferred Units for which the Series A Preferred Return is being determined as provided in the definition of Series A preferred Units below (taking into account any reduction of such Capital Contribution by any redemptions or conversions of such Series A Preferred Units), commencing on the first date such Series A Preferred Units are issued to the General Partner. It is intended that the Series A Preferred Return will be equal to the dividends and any additional amounts payable on the Series A

Preferred Shares to the holders thereof so that the General Partner will receive a Series A Preferred Return in an amount sufficient for the General Partner to make all payments in respect of the Series A Preferred Shares.

"SERIES A PREFERRED SHARES" shall mean those shares of Series A Cumulative Convertible Redeemable Preferred Stock, $.01 par value per share; issued by the General Partner to Security Capital.

"SERIES A PREFERRED SHARES ARTICLES SUPPLEMENTARY" shall mean the Series A Cumulative Convertible Redeemable Preferred Stock Articles Supplementary, dated as of February [23], 1998, which fixes the distribution and other preferences and rights of the Series A Preferred Shares.

"SERIES A PREFERRED UNITS" shall mean the Partnership Units of the General Partner representing the Capital Contribution of the Series A Preferred Share proceeds, as set forth in SECTION 2.2(c) of the Agreement. For the purposes of this Agreement, if the proceeds actually received by the General Partner are less than the gross proceeds of the issuance of the Series A Preferred Shares as a result of any underwriter's discount, placement fee or other expenses paid or incurred in connection with such issuance, then the General Partner shall be deemed to have made a Capital Contribution to the Partnership in the amount of the gross proceeds of such issuance and the Partnership shall be deemed simultaneously to have reimbursed the General Partner pursuant to SECTION 6.1 for the amount of such underwriter's discount, placement fee or other expenses.

(g) Section 1.1 of Exhibit A (Allocations Exhibit) is hereby amended to read as follows:

1.1 ESTABLISHMENT AND MAINTENANCE OF CAPITAL ACCOUNTS. The Partnership shall establish and maintain for each Partner a separate account ("CAPITAL ACCOUNT") in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv) and this Allocations Exhibit. The Capital Account of each Partner shall be increased by (i) the amount of all Capital Contributions and any other contributions made by such Partner to the Partnership pursuant to the Agreement, (ii) the amount of Net Income allocated to such Partner pursuant to Section 2.1 of this Allocations Exhibit, and (iii) the amount of any other items of income or gain specially allocated to such Partner pursuant to Article 3 of this Allocations Exhibit. The Capital Account of each Partner shall be decreased by (x) the amount of cash or Gross Asset Value (net of any liabilities to which such property is subject) of any distributions of cash or property made to such Partner pursuant to the Agreement, (y) the amount of Net Loss allocated to such Partner pursuant to Section 2.2 of this Allocations Exhibit, and (z) the amount of any other items of deduction or loss specially allocated to such Partner pursuant to Article 3 of this Allocations Exhibit. The Capital Accounts of each Partner shall be increased or

decreased to reflect the revaluation of Partnership assets under Section 1.3 of this Allocations Exhibit.

(h) Section 2.1 of Exhibit A (Allocations Exhibit) is hereby amended to read as follows:

2.1 NET INCOME. After giving effect to the special allocations set forth in Article 3 of this Allocations Exhibit, Net Income for any fiscal year or other applicable period shall be allocated in the following order and priority:

(a) First, to the Partners, until the cumulative Net Income allocated pursuant to this subparagraph 2.1(a) for the current and all prior periods equals the cumulative Net Loss allocated pursuant to subparagraphs 2.2(c) and (d) hereof for all prior periods, among the Partners in the reverse order that such Net Loss was allocated (and, in the event of a shift of a Partner's interest in the Partnership, to the Partners in a manner that most equitably reflects the successors in interest of such Partners);

(b) Second, to the General Partner, until the cumulative Net Income allocated pursuant to this subparagraph 2.1(b) for the current and all prior periods equals the cumulative Net Loss allocated pursuant to Subparagraph 2.2(b) hereof for all prior periods;

(c) Third in respect of its Preferred Units to the General Partner until the cumulative amount of Net Income allocated pursuant to this subparagraph 2.1(c) for the current and all prior periods equals the cumulative Preferred Return on the Preferred Units;

(d) Fourth, to the General Partner in respect of the Series A Preferred Units until the cumulative amount of Net Income allocated pursuant to this subparagraph 2.1(d) equals the cumulative Series A Preferred Return on the Series A Preferred Units; and

(e) Thereafter, the balance of the Net Income, if any, shall be allocated to the Partners holding Common Units in accordance with their respective Percentage Interests.

(i) Section 2.2 of Exhibit A (Allocations Exhibit) is hereby amended to read as follows:

2.2 NET LOSS. After giving effect to the special allocations set forth in Article 3 of this Allocations Exhibit, Net Loss of the Partnership for each fiscal year or other applicable period shall be allocated as follows:

(a) To the Partners holding Common Units in accordance with their respective Percentage Interests until the Capital Accounts of the Limited Partners are all reduced to zero (determined after all capital contributions, distributions, and special allocations under Article III of this Allocations Exhibit allocable to the Partner for the Fiscal Year have been reflected in the Partner's Capital Account). For these purposes, each Limited Partner's Capital Account shall be increased by such Limited Partner's share of Partnership Minimum Gain and Minimum Gain Attributable to a Partner Nonrecourse Debt for the Fiscal Year;

(b) Second, to the General Partner until its Capital Account is reduced to zero. For these purposes, the General Partner's Capital Account shall be increased by the General Partner's share of Partnership Minimum Gain and Minimum Gain Attributable to a Partner Nonrecourse Debt for the Fiscal Year;

(c) Thereafter, to the Partners holding Common Units in accordance with their then Percentage Interests; and

(d) Notwithstanding preceding provisions of this Section 2.2, to the extent any Net Losses allocated to a Partner under this Section 2.2 would cause such Partner (hereinafter, a "RESTRICTED PARTNER") to have an Adjusted Capital Account Deficit at the end of the fiscal year to which such Losses related, such Losses shall not be allocated to such Restricted Partners and instead shall be allocated to the other Partner(s) (herein, the "PERMITTED PARTNERS") PRO RATA in accordance with their relative Partnership Interests.

(j) Section 5 of EXHIBIT A (Allocations Exhibit) is hereby amended by deleting the definitions for the following terms: "Common Capital Account" and GP Subaccount."

2. DEFINED TERMS AND RECITALS. As used in this Amendment, capitalized terms used and defined in this Amendment shall have the meaning assigned to them in this Amendment, and capitalized terms used in this Amendment but not defined herein, shall have the meaning assigned to them in the Agreement.

3. RATIFICATION AND CONFIRMATION. Except to the extent specifically amended by this Amendment, the terms and provisions of the Agreement, as previously amended, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the undersigned has executed this Amendment effective as of the date first above mentioned.

GENERAL PARTNER:

THE MACERICH COMPANY

By:

Name:
Title:

FIFTH AMENDMENT TO THE
AMENDED AND RESTATED
LIMITED PARTNERSHIP AGREEMENT OF
THE MACERICH PARTNERSHIP, L.P.

THIS FIFTH AMENDMENT (the "AMENDMENT") TO THE AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT DATED AS OF MARCH 16, 1994, AMENDED AS OF AUGUST 14, 1995, FURTHER AMENDED AS OF JUNE 27, 1997, FURTHER AMENDED AS OF NOVEMBER 16, 1997, AND FURTHER AMENDED AS OF FEBRUARY 25, 1998 (the "AGREEMENT") OF THE MACERICH PARTNERSHIP, L.P. (the "PARTNERSHIP") is dated effective as of February 26, 1998.

RECITALS

WHEREAS, SECTION 12.1(b)(iv) of the Agreement provides that the General Partner has the power, without the consent of the Limited Partners of the Partnership, to amend the Agreement as may be required to facilitate or implement curing any ambiguity, correcting or supplementing any provision in the Agreement not inconsistent with law or with other provisions of the Agreement;

WHEREAS, the General Partner has made the determination pursuant to SECTION 12.1(b)(iv) of the Agreement that consent of the Limited Partners of the Partnership is not required with respect to the matters set forth in this Amendment; and

WHEREAS, all things necessary to make this Amendment a valid agreement of the Partnership have been done;

NOW, THEREFORE, pursuant to the authority granted to the General Partner under the Agreement, the Agreement is hereby amended as follows:

1. Amendments:

(a) Section 3.4 of the Agreement is hereby amended to read as follows:

Notwithstanding anything to the contrary in SECTION 3.3, the General Partner may from time to time advance funds to the Partnership for any proper Partnership purpose as a loan ("FUNDING LOAN") or a preferred equity investment ("PREFERRED INVESTMENT"), provided that any such funds must first be obtained by the General Partner from a third party lender, and then all of such funds must be advanced or contributed by the General Partner to the Partnership as a Funding Loan or Preferred Investment on substantially the same terms and conditions, including principal amount or preferred equity amount, rate of interest or preferred return, repayment or redemption schedule, and costs and expenses, as

shall be applicable with respect to or incurred in connection with such loan with such third party lender. The General Partner shall not incur any indebtedness for borrowed funds, except for (i) Funding Loans or Preferred Investments, (ii) loans from the Partnership to the General Partner to the extent the proceeds thereof are used to fund, directly or indirectly, participations in, or acquisitions of, any real or personal property interests for the account of the General Partner if, and only if, the Partnership participates or acquires an interest in such property at least to the extent of 99 times such proposed participation or acquisition, directly or through a wholly-owned entity, by the General Partner and/or (iii) loans from the Partnership to the General Partner to facilitate the making of loans by the General Partner for such purposes as are authorized under the Plan. For purposes of this Section 3.4, participations in or acquisitions of any real estate or personal property interests shall include ownership through one or more tiers of partnerships, joint ventures, limited liability companies or other entities which themselves own real estate or personal property.

(b) Section 6.4 of the Agreement is hereby amended to read as follows:

The General Partner agrees that all business activities of the General Partner, including activities pertaining to the acquisition, development and ownership of Properties, shall be conducted through the Partnership (other than the General Partner's 1% interest in Existing Property Partnerships owned directly or through a wholly-owned corporation); PROVIDED, HOWEVER, that the General Partner shall be permitted to participate or acquire an interest in, directly or indirectly, any real or personal property for its own account if, and only if, the Partnership participates or acquires an interest in such property at least to the extent of 99 times such proposed participation or acquisition, directly or through a wholly-owned corporation, by the General Partner. The Company agrees that for so long as it is a Partner all borrowings for the purpose of making distributions to its stockholders will be incurred by the Partnership or the Property Partnerships (and not by the Company directly) and the proceeds of such indebtedness will be included as Net Financing Proceeds hereunder. For purposes of this Section 6.4, participations in or acquisitions of any real estate or personal property interests shall include ownership through one or more tiers of partnerships, joint ventures, limited liability companies or other entities which themselves own real estate or personal property.

2. DEFINED TERMS AND RECITALS. As used in this Amendment, capitalized terms used and defined in this Amendment shall have the meaning assigned to them in this Amendment, and capitalized terms used in this Amendment but not defined herein, shall have the meaning assigned to them in the Agreement.

3. RATIFICATION AND CONFIRMATION. Except to the extent specifically amended by this Amendment, the terms and provisions of the Agreement, as previously amended, are hereby ratified and confirmed.

IN WITNESS WHEREOF, the undersigned has executed this Amendment effective as of the date first above mentioned.

GENERAL PARTNER:

THE MACERICH COMPANY

By: _____
Name:
Title:

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is entered into by and among Macerich Management Company, a California corporation, (the "Company"), The Macerich Partnership, L.P., a Delaware limited partnership (the "Operating Partnership") and Larry Sidwell ("Employee"), as of the 11th day of February, 1997.

I. EMPLOYMENT.

The Company and the Operating Partnership hereby employ Employee and Employee hereby accepts such employment, upon the terms and conditions hereinafter set forth.

II. TERM.

The initial term of this Agreement shall commence on February 11, 1997, and end on February 10, 2002. As used herein, the "Renewal Date" shall mean the date during the initial term, and the date during any extension of the term as provided below, which is one year prior to the end of the then-current term. On each successive Renewal Date during the term, this Agreement shall be automatically extended one additional year unless at least 30 days prior to such Renewal Date, the Company or the Operating Partnership shall have delivered to Employee or Employee shall have delivered to the Company or the Operating Partnership written notice that the Agreement shall not be so extended. FOR EXAMPLE, THE FIRST RENEWAL DATE IS FEBRUARY 11, 2001, AND IF THIS AGREEMENT IS AUTOMATICALLY EXTENDED, THE SECOND RENEWAL DATE WOULD BE FEBRUARY 10, 2002, AND SO ON. AS A FURTHER EXAMPLE, ON FEBRUARY 11, 2001, THIS AGREEMENT WILL BE AUTOMATICALLY EXTENDED ONE ADDITIONAL YEAR (AND THEREFORE THE TERM OF THIS AGREEMENT WOULD END ON FEBRUARY 10, 2003), UNLESS ON OR BEFORE FEBRUARY 11, 2001, THE COMPANY, THE OPERATING PARTNERSHIP OR THE EXMPLOYEE SHALL HAVE GIVEN NOTICE THAT THE AGREEMENT SHALL NOT BE SO EXTENDED.

III. DUTIES.

A. Employee shall serve during the course of his employment as an officer of the Company and the Operating Partnership, initially Senior Vice President -- Development, and shall have such other duties and responsibilities as the Board of Directors of the Company and the Operating Partnership, or their respective Chief Executive Officers or Presidents, shall determine from time to time.

B. Employee agrees to devote substantially all of his time, energy and ability to the business of the Company and the Operating Partnership. Nothing herein shall prevent Employee, upon approval of the Board of Directors of the Company and the Operating Partnership, from serving as a director or trustee of other corporations or businesses which are not in competition with the business of the Company or in competition with any present or future affiliate of the Company. Nothing herein shall prevent Employee from investing in real estate for his own account or from becoming a partner or a stockholder in any corporation, partnership or other venture not in competition with the business of the Company or in competition with any present or future affiliate of the Company.

Employee will serve as a key employee of the Operating Partnership, in consideration of the grant of the Restricted Stock Award and the Stock Option Award described in Section IV. At the request of The Macerich Company ("Macerich") or the Operating Partnership, Employee will serve as an employee, officer or director of Macerich Property Management Company, a California corporation, or any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by Macerich (any such entity, including Macerich, the Company and the Operating Partnership, the "Macerich Entities") without additional compensation. For the term of this Agreement, Employee shall report directly to the Chief Executive Officer or President of the Company and the Operating Partnership or, if there is none, the Chairman of the Board of the Company and the Operating Partnership.

C. Employee hereby acknowledges and agrees that, except as above contemplated, the engagement of Employee by the Company and the Operating Partnership under this Agreement is exclusive to the Company and the Operating Partnership, and he shall not render services to any other entity for compensation or otherwise without the prior written consent of the Company and the Operating Partnership.

IV. COMPENSATION.

A. The Company will pay to Employee a base salary at the rate of $225,000 per year. Such salary shall be earned monthly and shall be payable in periodic installments no less frequently than monthly in accordance with the Company's customary practices. Amounts payable shall be reduced by standard withholding and other authorized deductions. The Company will review Employee's salary at least annually. The Company may in its discretion increase Employee's salary but it may not reduce it during the term of this Agreement.

B. INITIAL RESTRICTED STOCK GRANT; INITIAL STOCK OPTION GRANT; ANNUAL BONUS, INCENTIVE, SAVINGS AND RETIREMENT PLANS.

(i) Upon the commencement of employment, Employee shall receive a Restricted Stock Award for 10,000 shares of restricted Company stock (the "Restricted Stock Award"), which shares shall vest and shall be on such other terms and conditions as are set forth in a Restricted Stock Award Agreement to be executed as of the date of the Employee's commencement of employment (which agreement shall be in the form attached hereto as Exhibit A) and which Restricted Stock Award shall be subject to the terms and conditions of The Macerich Company 1994 Stock Incentive Plan (the "Plan").

(ii) Upon the commencement of employment, Employee shall receive a Stock Option Award for 60,000 shares of Company stock (the "Stock Option Award"), which stock options shall be priced as of the date of the Employee's commencement of employment, and shall vest and shall be on such other terms and conditions as are set forth in a Stock Option Agreement to be executed as of the date of the Employee's commencement of employment (which agreement shall be in the form attached hereto as Exhibit B) and which Stock Option Award shall be subject to the terms and conditions of the Plan.

(iii) Employee shall be entitled to participate in all annual bonus, incentive, stock incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and the Operating Partnership.

C. WELFARE BENEFIT PLANS. Employee and/or his family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and the Operating Partnership (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and the Operating Partnership.

D. EXPENSES. Employee shall be receive an automobile allowance in the amount of $700 per month. In addition, Employee shall be entitled to receive prompt reimbursement for all reasonable employment expenses incurred by him in accordance with the policies, practices and procedures as in effect generally with respect to other peer executives of the Company and the Operating Partnership.

E. FRINGE BENEFITS. Employee shall be entitled to fringe benefits in accordance with the plans, practices, programs and policies as in effect generally with respect to other peer executives of the Company and the Operating Partnership.

F. VACATION. Employee shall be entitled to at least 4 weeks of paid vacation in accordance with the plans, policies, programs and practices as in effect generally with respect to other peer executives of the Company and the Operating Partnership.

G. The Company and the Operating Partnership reserve the right to modify, suspend or discontinue any and all of the above plans, practices, policies and programs at any time without recourse by Employee so long as such action is taken generally with respect to other similarly situated peer executives and does not single out Employee.

V. TERMINATION.

A. DEATH OR DISABILITY. Employee's employment shall terminate automatically upon Employee's death. If the Company and the Operating Partnership determine in good faith that the Disability of Employee has occurred (pursuant to the definition of Disability set forth below), they may give to Employee written notice in accordance with Section XX of its intention to terminate Employee's employment. In such event, Employee's employment with the Company and Operating Partnership shall terminate effective on the 30th day after receipt of such notice by Employee, provided that, within the 30 days after such receipt, Employee shall not have returned to full-time performance of his duties. For purposes of this Agreement, "Disability" shall mean the absence of Employee from his duties with the Company and Operating Partnership on a full-time basis for a period of nine months as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company and the Operating Partnership or their insurers and acceptable to Employee or his legal representative (such agreement as to acceptability not to be withheld unreasonably). "Incapacity" as used herein shall be limited only to a condition that substantially prevents Employee from performing his duties hereunder.

B. CAUSE. During the term of this Agreement, the parties agree that the Company and Operating Partnership may terminate Employee's employment only for Cause or for breach of the provisions of Section IX (Antisolicitation) or XII (Confidential Information) or as set forth in paragraph A above. For purposes of this Agreement, "Cause" shall mean that the Company and Operating Partnership, acting in good faith based upon the information then known to the Company and the Operating Partnership, determine that Employee has: (1) failed to perform in a material respect his obligations under this Agreement without proper cause, (2) been convicted of a felony, or (3) committed a material act of fraud, dishonesty or gross misconduct which is materially injurious to the Company or the Operating Partnership.

C. OBLIGATIONS OF THE COMPANY UPON TERMINATION.

1. DEATH OR DISABILITY. If Employee's employment is terminated by reason of Employee's Death or Disability, the term of this Agreement shall not be subject to any further extension pursuant to Section II hereof. During the remainder of the term of this Agreement (as in effect on the date of Employee's termination of employment), the Company and the Operating Partnership (a) shall continue to pay to Employee (or, in the case of his death, his surviving spouse or, if there is no surviving spouse, his estate) Employee's annual base salary at the same time and in the same manner as if he had continued to perform services under this Agreement and (b) shall provide any coverage required by law and shall continue to provide to Employee (or, in the case of his death, his surviving spouse) the same level of health insurance provided to other executives of the Company and the Operating Partnership. Executive acknowledges and agrees that the Company and the Operating Partnership may insure themselves for their financial obligations upon Employee's death. Employee agrees to subject himself to medical examinations as may be reasonably required for such purposes.

2. CAUSE. If Employee's employment is terminated by the Company and the Operating Partnership pursuant to Section V-B, this Agreement shall terminate without further obligations to Employee other than for (a) payment of the sum of Employee's annual base salary through the date of termination and any accrued vacation pay to the extent not theretofore paid, which shall be paid to Employee or his estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the date of termination; (b) payment of any compensation previously deferred by Employee (together with any accrued interest or earnings thereon), which

shall be paid to Employee or his estate or beneficiary pursuant to terms of the plan or agreement under which such compensation was deferred; and (c) payment to Employee or his estate or beneficiary, as applicable, any amounts due pursuant to the terms of any applicable welfare benefit plans. The payments described in clauses (a) and (b) shall hereinafter be referred to as the "Accrued Obligations." If it is subsequently determined that the Company and the Operating Partnership did not have Cause for termination under this Section V-C-2, then the Company's and the Operating Partnership's decision to terminate shall be deemed to have been made under Section V-C-3 and the amounts payable thereunder shall be the only amounts Employee may receive for his termination.

3. OTHER THAN CAUSE OR DEATH OR DISABILITY. If the Company and the Operating Partnership breach this Agreement by terminating Employee's employment other than pursuant to Section V-B, then (a) the Company shall immediately pay to Employee a lump sum equal to three times Employee's base salary for one year at the rate in effect immediately prior to Employee's termination of employment, less standard withholdings and other authorized deductions, (b) the Company shall timely pay to Employee the Accrued Obligations, (c) the restrictions on the shares granted pursuant to the Restricted Stock Award shall immediately lapse (subject to limitations on acceleration of exercisability and vesting under the Plan and the Restricted Stock Award Agreement), and (d) the Stock Option Award shall become immediately exercisable in full (subject to limitations on acceleration of exercisability and vesting under the Plan and the Stock Option Agreement). None of the payments provided in this Section V-C-3 shall be reduced by any amounts earned or received by Employee from a third party at any time.

4. EXCLUSIVE REMEDY. Employee agrees that the payments contemplated by this Agreement shall constitute the exclusive and sole remedy for any termination of his employment and Employee covenants not to assert or pursue any other remedies, at law or in equity, with respect to any termination of employment.

VI. CHANGE IN CONTROL.

A. Notwithstanding anything to the contrary in this Agreement, if a Change in Control (as defined below) of Macerich occurs during the term of this Agreement, and if within two years after the Change in Control the Company and the Operating Partnership terminate Employee's employment for a reason other than Cause, or if employee terminates his employment for Good Reason (as defined below), the provisions of Section V.C.3 and V.C.4 shall apply.

B. Notwithstanding anything in this Agreement to the contrary, any "parachute payments" to be made to or for Employee's benefit, whether pursuant to this Agreement or otherwise, shall be modified to the extent necessary so that the requirements of one of the two subparagraphs below are satisfied:

1. The aggregate "present value" of all "parachute payments" payable to Employee or for Employee's benefit, whether pursuant to this Agreement or otherwise, shall be less than three (3) times Employee's "base amount"; or

2. Each "parachute payment" payable to Employee or for Employee's benefit, whether pursuant to this Agreement or otherwise, shall be in an amount which does not exceed the "reasonable compensation" allocable to such "parachute payment."

C. For purposes of this Section VI:

1. A "Change in Control" of Macerich means any of the following:

(1) Approval by the shareholders of Macerich of the dissolution or liquidation of the Macerich;

(2) Approval by the shareholders of Macerich of an agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities that are not subsidiaries or other affiliates, as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity immediately after the reorganization are, or will be, owned, directly or indirectly, by shareholders or other affiliates of Macerich immediately before such reorganization (assuming for purposes of such determination that there is no change in the record ownership of Macerich's securities from the record date for such approval until such reorganization but including in such determination any securities of the other parties to such reorganization held by affiliates of Macerich);

(3) Approval by the shareholders of Macerich of the sale of substantially all of Macerich's business and/or assets to a person or entity which is not a Macerich Entity or an affiliate of a Macerich Entity; or

(4) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the "Exchange Act") other than a person described in and satisfying the conditions of Rule 13d-1(b)(1)

thereunder) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Macerich representing more than 20% of the combined voting power of Macerich's then outstanding securities entitled to then vote generally in the election of directors of the Macerich, other than a person who is the beneficial owner (as defined in Rule 13d-3 under the Exchange Act) of more than 10% of the outstanding shares of Common Stock at the time of adoption of this Agreement, or an affiliate, successor, heir, descendant or related party of or to any such person.

2. "Good Reason" shall mean (a) an adverse and significant change in Employee's position, duties, responsibilities, or status with the Company and the Operating Partnership, (b) a change in Employee's office location to a point more than 50 miles from Employee's office immediately prior to a Change in Control, (c) the taking of any action by the Company and the Operating Partnership to eliminate benefit plans without providing substitutes therefore, to reduce benefits thereunder or to substantially diminish the aggregate value of incentive awards or other fringe benefits, (d) any reduction in Employee's base salary, or (e) any breach of this Agreement by the Company or the Operating Partnership.

3. The term "base amount" shall have the meaning ascribed to it under Section 280G(b)(3) of the Internal Revenue Code of 1986, as amended (the "Code");

4. The term "parachute payment" shall have the meaning ascribed in Section 280G(b)(2)(A) of the Code, without regard to Section 280G(b)(2)(A)(ii) of the Code but with regard to Section 280G(b)(4)(A);

5. "Present value" shall be determined in accordance with Section 280G(d)(4) of the Code;

6. The term "reasonable compensation" shall have the meaning ascribed to it under Section 280G(b)(4)(B) of the Code (for personal services actually rendered before the date of the Change in Control of Macerich); and

7. The portion of the "base amount" and the amount of "reasonable compensation" allocable to any "parachute payment" shall be determined in accordance with Section 280G(b)(3) of the Code and Section 280G(b)(4)(B) of the Code, respectively.

D. If Employee would be entitled to benefits, payments or coverage hereunder and under any other plan, program or agreement which would constitute

"parachute payments," then notwithstanding any other provision hereof or of any other existing agreement to the contrary, Employee may by written notice to the Company and the Operating Partnership designate the order in which such "parachute payments" shall be reduced or modified so that the Company and the Operating Partnership or either of them is not denied federal income tax deductions for any "parachute payments" because of Section 280G of the Code.

E. All determinations required by this Section VI, including without limitation the determination of whether any benefit or payment would constitute a parachute payment, the calculation of the value of any parachute and whether any benefit or payment constitutes reasonable compensation, shall be made by an independent accounting firm (other than Macerich's outside auditing firm) having nationally recognized expertise in such matters selected by the Compensation Committee of the Board of Directors of Macerich. Any such determination by such accounting firm shall be binding on the Company, the Operating Partnership and Employee.

F. Payment of amounts pursuant to this Agreement shall not, unless directed by Employee, be delayed pending determination of the status of a payment as a "parachute payment" by the Internal Revenue Service, court or similar body of competent jurisdiction.

VII. ARBITRATION.

Any controversy or claim arising out of or relating to this Agreement, its enforcement or interpretation, or because of an alleged breach, default, or misrepresentation in connection with any of its provisions, shall be submitted to arbitration, to be held in Los Angeles County, California in accordance with the Voluntary Labor Arbitration Rules of the American Arbitration Association. Judgment upon the award rendered by the arbitration may be entered in any court in the State of California, or in any other court of competent jurisdiction. In the event either party institutes arbitration under this Agreement arising prior to a Change in Control of Macerich, the party prevailing in any such litigation shall be entitled, in addition to all other relief, to reasonable attorneys' fees relating to such arbitration, and the nonprevailing party shall be responsible for all costs of the arbitration, including but not limited to, the arbitration fees, court reporter fees, etc. In the case of any arbitration or subsequent judicial proceedings arising after a Change in Control of Macerich, Employee shall be awarded his costs, including attorneys' fees.

VIII. INTENTIONALLY OMITTED.

IX. ANTISOLICITATION.

Employee promises and agrees that during the term of this Agreement he will not influence or attempt to influence customers of any Macerich Entity, either directly or indirectly, to divert their business to any individual, partnership, firm, corporation or other entity then in competition with the business of any Macerich Entity.

X. JOINING FORMER COMPANY EMPLOYEES.

Employee promises and agrees that for one year following his termination of employment other than pursuant to Section V-C above or Disability above or expiration of this Agreement, he will not enter business or work with any person who was employed with any Macerich Entity, and who earned annually $25,000 or more as a Macerich Entity employee during the last six months of his or her own employment, in any business, partnership, firm, corporation or other entity then in competition with the business of a Macerich Entity.

XI. SOLICITING EMPLOYEES.

Employee promises and agrees that he will not, for a period of one year following termination of his employment or the expiration of this Agreement, directly or indirectly solicit any Macerich Entity employees who earned annually $25,000 or more as a Macerich Entity employee during the last six months of his or her own employment to work for any business, individual, partnership, firm, corporation, or other entity then in competition with the business of any Macerich Entity.

XII. CONFIDENTIAL INFORMATION.

A. Employee shall hold in a fiduciary capacity for the benefit of the Macerich Entities all secret or confidential information, knowledge or data relating to any Macerich Entity, and their respective businesses, which shall have been obtained by Employee during his employment by the Company and the Operating Partnership and which shall not be or become public knowledge (other than by acts by Employee or his representatives in violation of this Agreement). After termination of Employee's employment with the Company and the Operating Partnership, he shall not, without the prior written consent of the Company and the Operating Partnership, or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Company and the Operating Partnership and those designated by either of them.

B. Employee agrees that all lists, materials, books, files, reports, correspondence, records, and other documents ("Company material") used, prepared, or made available to Employee, shall be and shall remain the property of the applicable Macerich Entity. Upon the termination of employment or the expiration of this Agreement, all Company material shall be returned immediately to the applicable Macerich Entity, and Employee shall not make or retain any copies thereof.

XIII. SUCCESSORS.

A. This Agreement is personal to Employee and shall not, without the prior written consent of the Company and the Operating Partnership, be assignable by Employee.

B. This Agreement shall inure to the benefit of and be binding upon the Company and the Operating Partnership and their respective successors and assigns and any such successor or assignee shall be deemed substituted for the applicable company under the terms of this Agreement for all purposes. As used herein, "successor" and "assignee" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires the equity of the Company and/or the Operating Partnership, or to which the Company and/or the Operating Partnership assigns its interest in this Agreement by operation of law or otherwise.

XIV. WAIVER.

No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

XV. MODIFICATION.

This Agreement may not be amended or modified other than by a written agreement executed by the Employee, the Company and the Operating Partnership.

XVI. SAVINGS CLAUSE.

If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of the Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

XVII. COMPLETE AGREEMENT.

This instrument constitutes and contains the entire agreement and understanding concerning Employee's employment and the other subject matters addressed herein between the parties, and supersedes and replaces all prior negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matters hereof. This is an integrated document.

XVIII. GOVERNING LAW.

This Agreement shall be deemed to have been executed and delivered within the State of California, and the rights and obligations of the parties hereunder shall be construed and enforced in accordance with, and governed by, by the laws of the State of California without regard to principles of conflict of laws.

XIX. CONSTRUCTION.

The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

XX. COMMUNICATIONS.

All notices, requests, demands and other communications hereunder shall be in writing and shall be deemed to have been duly given if delivered in person, by telecopy, telex or equivalent form of written telecommunication or if sent by registered or certified mail, return receipt requested, postage prepaid, as follows:

To Company and Operating Partnership:	The Macerich Company 233 Wilshire Boulevard, Suite 700 Santa Monica, CA 90401
To Employee:	Larry Sidwell 7375 Westmoreland Dr. St. Louis, MO 63130

Any party may change the address at which notice shall be given by written notice given in the above manner. All notices required or permitted hereunder shall be deemed duly given and received on the date of delivery, if delivered in person or by telex, telecopy or other written telecommunication on a regular business day and within normal business hours or on the fifth day next succeeding the date of mailing, if sent by certified or registered mail.

XXI. EXECUTION.

This Agreement is being executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

XXII. LEGAL COUNSEL.

The Employee, the Operating Partnership and the Company recognize that this is a legally binding contract and acknowledge and agree that they have had the opportunity to consult with legal counsel of their choice.

XXIII. SURVIVAL.

The provisions of this Agreement shall survive the term of this Agreement to the extent necessary to accommodate full performance of all such terms.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE COMPANY: MACERICH MANAGEMENT COMPANY
a California corporation

By: _____
Arthur M. Coppola
President

OPERATING PARTNERSHIP: THE MACERICH PARTNERSHIP, L.P.
a Delaware partnership

By: The Macerich Company
a Maryland corporation
its general partner

By: _____
Arthur M. Coppola
President

EMPLOYEE:

_____
Larry Sidwell

THE MACERICH COMPANY

AMENDED AND RESTATED 1994 INCENTIVE PLAN

(AS AMENDED EFFECTIVE APRIL 8, 1997)

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THE MACERICH COMPANY

1994 INCENTIVE PLAN

(AS AMENDED EFFECTIVE APRIL 8, 1997)

I. THE PLAN.

1.1 PURPOSE.

The purpose of this Plan is to promote the success of the Company and the interests of its stockholders by providing an additional means through the grant of Awards to attract, motivate, retain and reward employees, including officers, by providing them long-term incentives to improve the financial performance of the Company. "Corporation" means The Macerich Company, a Maryland corporation, and its successors, and "Company" means the Corporation and its Subsidiaries, collectively. These terms and other capitalized terms are defined in Article VII.

1.2 ADMINISTRATION AND AUTHORIZATION; POWER AND PROCEDURE.

(a) COMMITTEE. This Plan shall be administered by and all Awards to Eligible Persons shall be authorized by the Committee. Action of the Committee with respect to the administration of this Plan shall be taken pursuant to a majority vote or by written consent of its members. Where the Committee authorizes the issuance of shares for consideration other than money, the Committee shall adopt a resolution which fairly describes such consideration and states (i) its actual value as determined by the Committee; or (ii) that the Committee has determined that the actual value is or will be not less than a certain sum.

(b) PLAN AWARDS; INTERPRETATION; POWERS OF COMMITTEE. Subject to the express provisions of this Plan, the Committee shall have the authority:

(i) to determine the particular Eligible Persons who will receive Awards;

(ii) to grant, directly or indirectly through its Subsidiaries, Awards to Eligible Persons, determine the price at which securities will be offered or awarded and the amount of securities to be offered or awarded to any of such persons, and determine the other specific terms and conditions of such Awards consistent with the express limits of this Plan, and establish the installments (if any) in which such Awards shall become exercisable or shall vest, or determine that no delayed

exercisability or vesting is required, and establish the events of termination or reversion of such Awards;

(iii) to approve the forms of Award Agreements (which need not be identical either as to type of award or among Participants);

(iv) to construe and interpret this Plan and any agreements defining the rights and obligations of the Company and Participants under this Plan, further define the terms used in this Plan, and prescribe, amend and rescind rules and regulations relating to the administration of this Plan;

(v) to cancel, modify, or waive the Corporation's rights with respect to, or modify, discontinue, suspend, or terminate any or all outstanding Awards held by Eligible Persons, subject to any required consent under Section 6.6;

(vi) to accelerate the exercisability or the vesting of any Awards under such circumstances as the Committee shall determine, including a Change in Control Event, or to extend the exercisability or extend the term of any or all such outstanding Awards within the term limits on Awards under Section 1.6; and

(vii) to make all other determinations and take such other action as contemplated by this Plan or as may be necessary or advisable for the administration of this Plan and the effectuation of its purposes.

(c) BINDING DETERMINATIONS. Any action taken by, or inaction of, the Corporation, any Subsidiary, the Board or the Committee relating or pursuant to this Plan shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons. No member of the Board or Committee, or officer of the Corporation or any Subsidiary, shall be liable for any such action or inaction of the entity or body, of another person or, except in circumstances involving bad faith, of himself or herself. Subject only to compliance with the express provisions hereof, the Board and Committee may act in their absolute discretion in matters within their authority related to this Plan.

(d) RELIANCE ON EXPERTS. In making any determination or in taking or not taking any action under this Plan, the Committee or the Board, as the case may be, may obtain and may rely upon the advice of experts, including employees of and professional advisors to the Corporation. No director, officer or agent of the Company shall be liable for any such action or determination taken or made or omitted in good faith.

(e) DELEGATION. The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Company.

1.3 PARTICIPATION.

Awards may be granted by the Committee only to those persons that the Committee determines to be Eligible Persons. An Eligible Person who has been granted an Award may, if otherwise eligible, be granted additional Awards if the Committee shall so determine subject to the limitations otherwise provided in this Plan.

1.4 SHARES AVAILABLE FOR AWARDS; SHARE LIMITS.

Subject to the provisions of Section 6.2, the stock that may be delivered under this Plan shall be shares of the Corporation's authorized but unissued Common Stock. The shares may be delivered for any lawful consideration, but not for less than the minimum lawful consideration under applicable state law.

(a) NUMBER OF SHARES. The maximum number of shares of Common Stock that may be delivered pursuant to Awards granted to Eligible Persons under this Plan shall not exceed 2,550,000 shares, plus 9.9% of any increase in the total outstanding shares of the Company after March 31, 1997 (other than an increase as a result of the issuance of shares under this Plan), subject to adjustments contemplated by Section 6.2. The Plan share limit may not contract if shares are reacquired by the Company after an increase has been made, but neither shall the limit increase if the reacquired shares are reissued.

(b) CALCULATION OF AVAILABLE SHARES AND REPLENISHMENT. Shares subject to outstanding Awards shall be reserved for issuance. If any Option or other right to acquire shares of Common Stock under or receive cash or shares in respect of an Award shall expire or be cancelled or terminated without having been exercised or paid in full, or any Common Stock subject to a Restricted Stock Award or other Award shall not vest or be delivered, the unpurchased, unvested or undelivered shares of Common Stock subject thereto shall again be available for the purposes of this Plan, subject only to any applicable limitations for the preservation of deductibility under Section 162(m) of the Code.

(c) PROVISIONS FOR CERTAIN STOCK-BASED CASH AWARDS. The number of stock-related Awards actually paid in cash shall be determined by reference to the number of shares by which the value or price of the Award is measured and shall not, together with the aggregate number of shares theretofore delivered and shares subject to then outstanding Awards payable in shares (or alternatively payable in cash or shares) under this Plan, exceed

the aggregate or applicable individual limits of Section 1.4, subject to adjustments under this Section 1.4 and Section 6.2.

(d) ISO LIMIT. The maximum number of shares of Common Stock that may be issued under Incentive Stock Options under the Plan shall not exceed 1,950,000 shares.

(e) INDIVIDUAL LIMITS. Notwithstanding anything contained herein to the contrary, the aggregate number of shares of Common Stock subject to Options and Stock Appreciation Rights ("SARs") granted during any calendar year to any individual shall be limited to 300,000, and the maximum individual limit on the number of shares in the aggregate subject to all stock-related Awards under this Plan granted during any calendar year shall be 500,000, subject to adjustments under Section 6.2.

(f) DIRECTOR LIMITS. The maximum number of shares that may be issued under Awards under this Plan that are granted to any director who is not as of the applicable date or dates of grant an employee or officer shall be 50,000, subject to adjustments under Section 6.2. Any Award issued to a member of the Committee shall be subject to approval or ratification by the Board.

1.5 GRANT OF AWARDS.

Subject to the express provisions of this Plan, the Committee shall determine those individuals who are Eligible Persons, the number of shares of Common Stock subject to each Award, the price (if any) to be paid for the shares or the Award and the other terms of the Award. Each Award shall be evidenced by an Award Agreement signed by the Corporation and, if required by the Committee, by the Participant. Each Award shall be subject to the terms and conditions set forth in this Plan and such other terms and conditions established by the Committee as are not inconsistent with the specific provisions of this Plan.

1.6 AWARD PERIOD.

Any Option, SAR, warrant or similar right shall expire and any other Award shall either vest or be forfeited not more than 10 years after the date of grant; provided, however, that any payment of cash or delivery of stock pursuant to an Award may be delayed until a future date if specifically authorized by the Committee in writing.

1.7 LIMITATIONS ON EXERCISE AND VESTING OF AWARDS.

(a) PROVISIONS FOR EXERCISE. Unless the Committee otherwise provides, once exercisable an Award shall remain exercisable until the expiration or earlier termination of the Award. Unless the Committee otherwise provides, Options shall

first become exercisable in three equal annual installments, commencing on the first anniversary of the Award Date.

(b) PROCEDURE. Any exercisable Award shall be deemed to be exercised when the Corporation receives written notice of such exercise from the Participant, together with any required payment made in accordance with Section 2.2.

(c) FRACTIONAL SHARES/MINIMUM ISSUE. Fractional share interests shall be disregarded, but may be accumulated. The Committee, however, may determine in the case of Eligible Persons that cash, other securities, or other property will be paid or transferred in lieu of any fractional share interests. No fewer than 100 shares may be purchased on exercise of any Award at one time unless the number purchased is the total number at the time available for purchase under the Award.

1.8 NOTES TO FINANCE EXERCISE OR PURCHASE.

If the Committee, in its sole discretion approves, and subject to Section 6.4, the Corporation may accept one or more notes from any Eligible Person (i) in connection with the exercise, receipt or vesting of any outstanding Award or (ii) in such other circumstances to facilitate the purchase of stock by an eligible employee or officer as the Committee determines to be reasonably expected to benefit the Corporation; provided that any such note shall be subject to the following terms and conditions:

(a) The principal of the note shall not exceed the amount required to be paid to the Corporation upon the exercise or receipt of one or more Awards under this Plan and the note shall be delivered directly to the Corporation in consideration of such exercise or receipt.

(b) The initial term of the note shall be determined by the Committee; provided that the term of the note, including extensions, shall not exceed ten(10) years.

(c) The note shall provide for full recourse to the Participant and shall bear interest at a rate determined by the Committee but not less than the interest rate necessary to avoid the imputation of interest under the Code.

(d) The unpaid principal balance of the note shall become due and payable on the 10th business day after Termination of Employment of the Participant; provided, however, that if a sale of the shares financed by the note would cause such Participant to incur liability under Section 16(b) of the Exchange Act, the unpaid balance shall become due and payable on the 10th business day after the first day on which a sale of such shares could have been made without incurring such liability, assuming for these purposes that there are no other transactions

(or deemed transactions) in securities of this Corporation by the Participant subsequent to such termination.

(e) In the case of a note issued other than in connection with the receipt, exercise or vesting of another Award or in any case if required by the Committee or by applicable law, (i) the note shall be secured by a pledge of any shares or rights financed thereby (and such other collateral as may be required by the Committee), and (ii) the maximum principal amount of the note may not exceed $1,000,000.

(f) The terms, repayment provisions, and collateral release provisions of the note and the pledge securing the note shall conform with applicable rules and regulations of the Federal Reserve Board as then in effect.

1.9 NO TRANSFERABILITY OF AWARDS; LIMITED EXCEPTIONS.

Awards may be exercised only by, and amounts payable or shares issuable pursuant to an Award shall be paid only to (or registered only in the name of), the Participant or, if the Participant has died, the Participant's Beneficiary or, if the Participant has suffered a Disability, the Participant's Personal Representative, if any, or if there is none, the Participant, or, (except in the case of Incentive Stock Options) to the extent expressly permitted by the Committee and applicable law to such persons and pursuant to such conditions and procedures as the Committee may establish. Other than by will or the laws of descent and distribution or (except in the case of Incentive Stock Options) as the Committee may otherwise expressly permit, no right or benefit under this Plan or any Award (other than shares issued without further restrictions) shall be transferrable by the Participant or shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance or charge (other than to the Corporation) and any such attempted action shall be void. The Corporation shall disregard any attempt at transfer, assignment or other alienation prohibited by the preceding sentences and shall pay or deliver such cash or shares of Common Stock in accordance with the provisions of this Plan. The designation of a Beneficiary for purposes hereof shall not constitute a transfer for these purposes.

II. EMPLOYEE OPTIONS.

2.1 GRANTS.

One or more Options may be granted under this Article to any Eligible Person. Each Option granted shall be designated by the Committee in the applicable Award Agreement as either a Nonqualified Stock Option or an Incentive Stock Option. Notwithstanding anything contained herein to the contrary,

Incentive Stock Options may be granted only to Eligible Persons who are employed by the Corporation or a corporation which is either a direct Subsidiary of the Corporation or an indirect Subsidiary through an unbroken chain of corporations.

2.2 OPTION PRICE.

(a) PRICING LIMITS. The purchase price per share of the Common Stock covered by each Option shall be determined by the Committee at the time of the Award, PROVIDED that such price shall be no less than 100% (110% in the case of an Incentive Stock Option granted to a Participant described in Section 2.4) of the Fair Market Value of the Common Stock on the date of grant. The base price of each stock appreciation right shall be determined by the Committee at the time of the Award. The base price of an SAR granted after the grant of an Option may be less than the Fair Market Value of Common Stock at the date of grant of the SAR, but if so, may not be less than the Option exercise price.

(b) PAYMENT PROVISIONS. The purchase price of any shares purchased on exercise of an Option granted under this Article shall be paid in full at the time of each purchase in one or a combination of the following methods: (i) in cash or by electronic funds transfer; (ii) by certified or cashier's check payable to the order of the Corporation; (iii) if authorized by the Committee or specified in the applicable Award Agreement, by a promissory note of the Participant consistent with the requirements of Section 1.8; or (iv) by the delivery of shares of Common Stock of the Corporation already owned by the Participant, provided, however, that the Committee may in its absolute discretion limit the Participant's ability to exercise an Award by delivering such shares, and any shares delivered which were initially acquired upon exercise of a share option must have been owned by the Participant at least six months as of the date of delivery. Shares of Common Stock used to satisfy the exercise price of an Option shall be valued at their Fair Market Value on the date of exercise. In addition to the payment methods described above, the Committee may provide that the Option can be exercised and payment made by delivering a properly executed exercise notice together with irrevocable instructions to a broker to promptly deliver to the Corporation the amount of sale proceeds necessary to pay the exercise price and, unless otherwise allowed by the Committee, any applicable tax withholding under Section 6.5. The Corporation shall not be obligated to deliver certificates for the shares unless and until it receives full payment of the exercise price therefor and any related withholding obligations have been satisfied.

2.3 LIMITATIONS ON GRANT AND TERMS OF INCENTIVE STOCK OPTIONS.

(a) $100,000 LIMIT. To the extent that the aggregate

Fair Market Value of stock with respect to which Incentive Stock Options first become exercisable by a Participant in any calendar year exceeds $100,000, taking into account both Common Stock subject to incentive stock options (as defined in Section 422 of the Code) under this Plan and stock subject to incentive stock options under all other plans of the Corporation or its Subsidiaries, if any, such options shall be treated as Nonqualified Stock Options. For this purpose, the Fair Market Value of the stock subject to options shall be determined as of the date the options were awarded. In reducing the number of options treated as incentive stock options to meet the $100,000 limit, the most recently granted options shall be reduced first. To the extent a reduction of simultaneously granted options is necessary to meet the $100,000 limit, the Committee may, in the manner and to the extent permitted by law, designate which shares of Common Stock are to be treated as shares acquired pursuant to the exercise of an Incentive Stock Option.

(b) OPTION PERIOD. Each Option and all rights thereunder shall expire no later than 10 years after the Award Date.

(c) OTHER CODE LIMITS. There shall be imposed in any Award Agreement relating to Incentive Stock Options such terms and conditions as from time to time are required in order that the Option be an "incentive stock option" as that term is defined in Section 422 of the Code.

2.4 LIMITS ON 10% HOLDERS.

No Incentive Stock Option may be granted to any person who, at the time the Option is granted, owns (or is deemed to own under Section 424(d) of the Code) shares of outstanding Common Stock possessing more than 10% of the total combined voting power of all classes of stock of the Corporation or a Subsidiary, unless the exercise price of such Option is at least 110% of the Fair Market Value of the stock subject to the Option and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.

2.5 AWARD CHANGES/LIMITS ON REPRICING.

Subject to Section 1.4, Section 6.2 and Section 6.6 and the specific limitations on Awards contained in this Plan, the Committee from time to time may authorize, generally or in specific cases only, for the benefit of any Eligible Person any adjustment in the vesting schedule, the number of shares subject to, the restrictions upon or the term of, an Award granted under this Article, by amendment, by substitution, by waiver or by other legally valid means. Subject to Section 1.4, Section 6.2 and Section 6.6 and the specific limitations on Awards contained in this Plan, such amendment or other action may, among other changes, provide for a greater or lesser number of shares subject

to the Award, or provide for a longer or shorter vesting or exercise period. Subject to Section 6.2 and Section 6.3 and the specific limitations on Awards contained in this Plan, the Committee also may reduce the exercise or purchase price of any or all outstanding Awards as deemed appropriate by the Committee, provided that the Committee does not reduce the exercise price of any Option or related SAR to a price below the Fair Market Value of the Option on the date of its grant.

2.6 LIMITATION ON EXERCISE OF OPTION AWARD.

No Participant may receive Common Stock upon exercise of an Option to the extent that it will cause such person to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit.

In the event that a Participant exercises any portion of an Option (by tendering the exercise price to the Corporation) which upon delivery of the Common Stock would cause the holder of the Option to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit, the Corporation shall have the right to deliver to the Participant, in lieu of Common Stock, a check or cash in the amount equal to the Fair Market Value of the Common Stock otherwise deliverable on the date of exercise (minus any amounts withheld pursuant to Section 6.5).

III. STOCK APPRECIATION RIGHTS.

3.1 GRANTS.

In its discretion, the Committee may grant to any Eligible Person SARs concurrently with the grant of Options or thereafter, including in the circumstances of a Change in Control Event, on such terms as set forth by the Committee in the Award Agreement for such Option or such SARs. Unless the Committee with the consent of the Participant otherwise determines, any SAR granted in connection with an Incentive Stock Option shall contain such terms as may be required to comply with the provisions of Section 422 of the Code and the regulations promulgated thereunder.

3.2 EXERCISE OF STOCK APPRECIATION RIGHTS.

(a) EXERCISABILITY. Unless the Award Agreement or the Committee otherwise provides, a SAR shall be exercisable at such time or times, and to the extent, that the related Option shall be exercisable and only when the Fair Market Value of the stock subject to the related Option exceeds the Option price of the related Option.

(b) EFFECT ON AVAILABLE SHARES. To the extent that a SAR is exercised, the number of shares of Common Stock subject to

the related Option shall be charged against the maximum amount of Common Stock that may be delivered pursuant to Awards under this Plan. The number of shares subject to the SAR and the related Option of the Participant shall also be reduced by such number of shares.

(c) NON-PROPORTIONATE REDUCTION. If a SAR extends to less than all the shares covered by the related Option and if a portion of the related Option is thereafter exercised, the number of shares subject to the unexercised SAR shall be reduced only if and to the extent that the remaining number of shares covered by such related Option is less then the remaining number of shares subject to such SAR, unless the Committee otherwise provides.

3.3 PAYMENT.

(a) AMOUNT. Unless the Committee otherwise provides, upon exercise of a SAR and surrender of an exercisable portion of any related Option to the extent required by Section 3.2, the Participant shall be entitled to receive, subject to Section 6.5, payment of an amount determined by multiplying

(i) the difference obtained by subtracting the exercise price per share of Common Stock under the related Option from the Fair Market Value of a share of Common Stock on the date of exercise of the SAR, by

(ii) the number of shares with respect to which the SAR shall have been exercised.

If an SAR is granted as a Performance Based Award under Section 5.2 without reference to any performance criterion other than stock price appreciation, the base price shall be not less than the Fair Market Value at date of grant.

(b) FORM OF PAYMENT. The Committee, in its sole discretion, shall determine the form in which payment shall be made of the amount determined under paragraph (a) above, either solely in cash, solely in shares of Common Stock (valued at Fair Market Value on the date of exercise of the SAR), or partly in such shares and partly in cash, PROVIDED that the Committee shall have determined that such exercise and payment are consistent with applicable law. If the Committee permits the Participant to elect to receive cash or shares (or a combination thereof) on such exercise, any such election shall be subject to such conditions as the Committee may impose. Notwithstanding anything contained herein to the contrary, no Participant may receive Common Stock upon the exercise of a SAR to the extent it will cause such person to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit. In the event that a Participant exercises any portion of a SAR which upon delivery of Common Stock would cause such Participant to Beneficially or Constructively Own Equity Shares in excess of the Ownership

Limit, the Corporation shall have the right, notwithstanding any election granted to the Participant by the Committee, to deliver a check or cash to the Participant.

IV. RESTRICTED STOCK AWARDS.

4.1 GRANTS.

Subject to the Restricted Stock limits set forth in Section 4.2(e), the Committee may, in its discretion, grant one or more Restricted Stock Awards to any Eligible Person based upon such factors (which in the case of any Award to a Section 16 Person shall include but not be limited to the contributions, responsibilities and other compensation of the person) as the Committee shall deem relevant in light of the specific terms of the Award. Each Restricted Stock Award Agreement shall specify the number of shares of Common Stock to be issued to the Participant, the date of such issuance, the consideration for such shares (but not less than the minimum lawful consideration under applicable state law) by the Participant, the restrictions imposed on such shares and the conditions of release or lapse of such restrictions, which may include performance criteria, continued employment for a specified period of time and/or other factors. Such restrictions shall not lapse earlier than one year after the Award Date, except as set forth in Section 6.2 and Section 6.3 and to the extent the Committee may otherwise provide. Shares of Restricted Stock may be issued in the form of book entries or stock certificates, each registered in the name of the Participant ("Restricted Shares"). Stock certificates or book entry records evidencing shares of Restricted Stock pending the lapse of the restrictions shall bear an appropriate reference to the restrictions imposed hereunder. Restricted Shares shall be held (if in certificate form) and restricted as to transfer until the restrictions have lapsed and such shares have vested in accordance with the provisions of the Award Agreement and this Plan. Upon issuance of the Restricted Stock Award, the Participant may be required to provide such further assurance and documents as the Committee may require to enforce the restrictions.

4.2 RESTRICTIONS.

(a) PERFORMANCE VESTING. The vesting of shares pursuant to a Restricted Stock Award may be based solely upon the continued employment for a specific period of time or the degree of attainment, over a specified period as may be established by the Committee, of such measure(s) of the performance of the Company (or any part thereof) or the Participant's performance, or upon any combination thereof, as may be established by the Committee. Performance-based or accelerating Restricted Stock Awards may also be granted under Section 5.2.

(b) PRE-VESTING RESTRAINTS. Except as provided in and subject to the provisions of Sections 4.1 and 1.9, Restricted Shares comprising any Restricted Stock Award may not be sold, assigned, transferred, pledged or otherwise disposed of or encumbered, either voluntarily or involuntarily, until such shares have vested.

(c) DIVIDEND AND VOTING RIGHTS. Unless otherwise provided in the applicable Award Agreement, a Participant receiving a Restricted Stock Award shall be entitled to cash dividend and voting rights for all shares issued even though they are not vested, provided that all such rights shall terminate immediately as to any restricted shares which cease to be eligible for vesting.

(d) CASH PAYMENTS. If the Participant shall have paid cash in connection with the Restricted Stock Award, the Award Agreement shall specify whether and to what extent such cash shall be returned (with or without an earnings factor) as to any restricted shares which cease to be eligible for vesting.

4.3 RETURN TO THE CORPORATION.

Unless the Committee otherwise expressly provides, Restricted Shares that are subject to restrictions at the time of Termination of Employment or are subject to other conditions to vesting that have not been satisfied by the time specified in the applicable Award Agreement shall not vest and shall be returned to the Corporation in such manner and on such terms as the Committee shall therein provide.

V. STOCK BONUSES, OTHER CASH OR STOCK PERFORMANCE-BASED AWARDS, STOCK UNITS AND DIVIDEND EQUIVALENT RIGHTS.

5.1 GRANTS OF STOCK BONUSES.

The Committee may grant a Stock Bonus to any Eligible Person to reward exceptional or special services, contributions or achievements in the manner and on such terms and conditions (including any restrictions on such shares) as determined from time to time by the Committee. The number of shares so awarded shall be determined by the Committee; provided, however, in no case may a Stock Bonus be granted to the extent that it will cause an Eligible Person to Beneficially or Constructively Own Equity Shares in excess of the Ownership Limit. The Award may be granted independently or in lieu of a cash bonus.

5.2 OTHER PERFORMANCE-BASED AWARDS.

(a) GENERAL PROVISIONS. Without limiting the generality of the foregoing, and in addition to qualifying awards

granted under other provisions of this Plan (i.e. Options or SARs granted with an exercise price not less than Fair Market Value at the applicable date of grant for Section 162(m) purposes to Eligible Persons who are either salaried employees or officers ("ELIGIBLE EMPLOYEES") ("Presumptively Qualifying Awards")), the Committee may authorize and grant to any Eligible Employee, other cash or stock-related performance-based awards, including "performance-based" awards within the meaning of Section 162(m) of the Code ("PERFORMANCE-BASED AWARDS"), whether in the form of restricted stock, stock appreciation rights, performance stock, phantom stock, stock units, Dividend Equivalent Rights ("DERs"), or other rights, whether or not related to stock values or appreciation, and whether payable in cash, Common Stock or a combination thereof. If the Award (other than a Presumptively Qualifying Award) is intended as performance-based compensation under Section 162(m) of the Code, the vesting or payment thereof will depend on the performance of the Company on a consolidated, Subsidiary, segment, or division basis with reference to performance goals relative to one or more of the following business criteria (the "criterion"): funds from operations, EBITDA, stock appreciation, total stockholder return, occupancy gains, and overall square footage growth, each as defined in Exhibit A. These terms otherwise are used as applied under generally accepted accounting principles and in the Company's financial reporting. To qualify Awards as performance-based under Section 162(m), the applicable business criteria and specific performance goal or goals ("targets") must be established and approved by the Committee during the first 90 days of the year (or before one-quarter of the performance measurement period has elapsed, if such period exceeds one year) and while the performance relating to such targets remains substantially uncertain within the meaning thereof. The applicable performance measurement period may be not less than one nor (except as provided in Section 1.6) more than 10 years.

(b) MAXIMUM AWARD. Grants or awards under this Section 5.2 may be paid in cash or stock or any combination thereof. In no event shall grants of stock-related Awards made in any calendar year to any Eligible Employee under this Plan relate to more than 500,000 shares. In no event shall grants to any Eligible Employee under this Plan of Awards payable only in cash and not related to stock provide for payment of more than (x) the lesser of 200% of base salary as of the beginning of the applicable performance period or $600,000, times (y) the applicable number of years (not more than 10) to which the Awards relate in the performance periods.

(c) COMMITTEE CERTIFICATION. Except as otherwise permitted to qualify as performance-based compensation under Section 162(m), before any Performance-Based Award under this Section 5.2 is paid, the Committee must certify that the performance standard, target(s), and the other material terms of the Performance-Based Award were in fact satisfied.

(d) TERMS AND CONDITIONS OF AWARDS. The Committee will have discretion to determine the restrictions or other limitations of the individual Awards under this Section 5.2, including the authority to reduce Awards, to determine payout schedules and the extent of vesting or to pay no Awards, in its sole discretion, if the Committee preserves such authority at the time of grant by language to this effect in its authorizing resolutions or otherwise. The Committee may provide that in the event a Participant terminates employment or service for any one or more reason during a Plan Year, the Participant shall forfeit all rights to any Award for the Plan Year.

(e) ADJUSTMENTS FOR MATERIAL CHANGES. Performance goals or other features of an Award may provide that they (a) shall be adjusted to reflect a change in corporate capitalization, a corporate transaction (such as a reorganization, combination, separation, or merger) or a complete or partial corporate liquidation, or (b) shall be calculated either without regard for or to reflect any change in accounting policies or practices affecting the Company and/or the business criteria or performance goals or targets, or (c) shall be adjusted for any other circumstance or event, but only to the extent in each case that such adjustment or determination in respect of Performance-Based Awards would be consistent with the requirements of Section 162(m) to qualify as performance-based compensation.

(f) SECTION 162(m) CONSIDERATIONS. Options or SARs granted under this Plan at an exercise price not less than Fair Market Value at the applicable date of grant, and (except to the extent an Award becomes vested or payable as a result of a Change in Control Event) other Qualified Performance-Based Awards granted under this Section 5.2, shall be interpreted in a manner consistent with the requirements of Section 162(m) to qualify as performance-based compensation.

5.3 STOCK UNITS.

(a) GRANTS. Subject to Section 5.3(d) and such rules and procedures as the Committee may establish from time to time, the Committee may, in its discretion, authorize Stock Unit Awards and permit an Eligible Person to elect to defer or receive in Stock Units all or a portion of the compensation the Eligible Person could otherwise elect to defer under any other Company plan, or in respect of any Award hereunder, or may grant Awards in the form of Stock Units in lieu of or in addition to any other Award under this Plan. The specific terms, conditions and provisions relating to each Stock Unit Award or election, including the form of payment to be made at or following the vesting thereof, shall be set forth in or pursuant to the Participant's Award Agreement in respect thereof.

(b) OTHER PROVISIONS. The Committee shall determine, among other terms of a Stock Unit Award, the form of payment of Stock Units, whether in cash, Common Stock, or other consideration (including any other Award) or any combination thereof, and the applicable vesting and payout provisions of the Award. The Committee in the Award Agreement may permit the Participant to elect the form and time of payout of vested Stock Units on such conditions or subject to such procedures as the Committee may impose.

(c) STOCK UNITS. Each Award Agreement for an Award of Stock Units shall include the applicable benefit distribution and termination provisions, which may include elective features, for such Award and shall specify the form of payment.

(d) LIMIT ON CERTAIN STOCK UNIT AWARDS. Notwithstanding anything contained herein to the contrary, any Stock Unit Award or Stock Unit Awards which individually or in the aggregate would constitute an "employee pension benefit plan" (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974 ("ERISA")) shall be made only to Eligible Persons who are members of "a select group of management or highly compensated employees" (as provided in Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA) of the Company.

5.4 DIVIDEND EQUIVALENT RIGHTS. In its discretion, the Committee may grant to any Eligible Person DERs concurrently with the grant of any Option, Restricted Stock, Stock Unit or other stock-based Award, on such terms as set forth by the Committee in the Award Agreement. DERs shall be based on all or part of the amount of dividends declared on shares of Common Stock and shall be credited as of dividend payment dates, during the period between the date of grant (or such later date as the Committee may set) and the date the stock-based Award is exercised or expires (or such earlier date as the Committee may set), as determined by the Committee. DERs shall be payable in cash or shares, or (to the extent permitted by law) may be subject to such conditions, not inconsistent with Section 162(m) (in the case of Options or SARs, or other Awards intended to satisfy its conditions with respect to deductibility), as may be determined by the Committee.

VI. OTHER PROVISIONS.

6.1 RIGHTS OF ELIGIBLE PERSONS, PARTICIPANTS AND BENEFICIARIES.

(a) EMPLOYMENT STATUS. Status as an Eligible Person shall not be construed as a commitment that any Award will be made under this Plan to an Eligible Person or to Eligible Persons generally.

(b) NO EMPLOYMENT CONTRACT. Nothing contained in this Plan (or in any other documents related to this Plan or to any Award) shall confer upon any Eligible Person or other Participant any right to continue in the employ or other service of the Company or constitute any contract or agreement of employment or other service, nor shall interfere in any way with the right of the Company to change such person's compensation or other benefits or to terminate the employment of such person, with or without cause, but nothing contained in this Plan or any document related hereto shall adversely affect any independent contractual right of such person without his or her consent thereto.

(c) PLAN NOT FUNDED. Awards payable under this Plan shall be payable in shares or from the general assets of the Corporation, and (except as provided in Section 1.4(b)) no special or separate reserve, fund or deposit shall be made to assure payment of such Awards. No Participant, Beneficiary or other person shall have any right, title or interest in any fund or in any specific asset (including shares of Common Stock, except as expressly otherwise provided) of the Company by reason of any Award hereunder. Neither the provisions of this Plan (or of any related documents), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan shall create, or be construed to create, a trust of any kind or a fiduciary relationship between the Company and any Participant, Beneficiary or other person. To the extent that a Participant, Beneficiary or other person acquires a right to receive payment pursuant to any Award hereunder, such right shall be no greater than the right of any unsecured general creditor of the Company.

6.2 ADJUSTMENTS; EARLY TERMINATION.

(a) ADJUSTMENTS. If the outstanding shares of Common Stock are changed into or exchanged for cash, other property or a different number or kind of shares or securities of the Corporation, or if additional shares or new or different securities are distributed with respect to the outstanding shares of Common Stock, through a reorganization or merger in which the Corporation is the surviving entity, or through a combination, consolidation, recapitalization, reclassification, stock split, stock dividend, reverse stock split, stock consolidation, dividend or distribution of cash or property to the stockholders of the Corporation, or if there shall occur any other extraordinary corporate transaction or event in respect of the Common Stock or a sale of substantially all the assets of the Corporation as an entirety which in the judgment of the Committee materially affects the Common Stock, then the Committee shall, in such manner and to such extent (if any) as it deems appropriate and equitable, (i) proportionately adjust any or all of (1) the number and kind of shares or other consideration that is subject to or may be delivered under this Plan and pursuant to outstanding Awards, (2) any performance standards appropriate to any

outstanding Awards, and/or (3) the consideration payable with respect to Awards granted prior to any such change and the price, if any, paid in connection with Restricted Stock Awards; or (ii) in the case of an extraordinary dividend or other distribution, merger, reorganization, consolidation, combination, sale of assets, split up, exchange or spin off, make provision for a cash payment or for the substitution or exchange of (1) any or all outstanding Awards or the cash, securities or property deliverable to the holder of any or all outstanding Awards, for (2) cash, property and/or other securities, based upon the distribution or consideration payable to holders of the Common Stock of the Corporation upon or in respect of such event; provided, however, in each case, that with respect to awards of Incentive Stock Options, no such adjustment shall be made without the consent of the holder which would cause this Plan to violate Section 422 or 424(a) of the Code or any successor provisions thereto. Corresponding adjustments shall be made with respect to SARs based upon the adjustment made to the Options to which they relate.

(b) POSSIBLE EARLY TERMINATION OF AWARDS. If any Award or other right to acquire Common Stock has not been exercised or has not become vested or exercisable prior to (i) a dissolution of the Corporation or (ii) a reorganization event described in Section 6.2(a) that the Corporation does not survive and no provision has been made for the substitution, exchange or other settlement of such Award, such Award shall thereupon terminate.

(c) LIMITATION ON AWARD ADJUSTMENTS. To the extent required in the case of an Award intended as a Performance-Based Award for purposes of Section 162(m), the Committee shall have no discretion (i) to increase the amount of compensation or the number of shares that would otherwise be due upon the attainment of the applicable performance goal or the exercise of the option or SAR or (ii) to waive the achievement of any applicable performance goal as a condition to receiving a benefit or right under an Award.

6.3 TERMINATION OF EMPLOYMENT; TERMINATION OF SUBSIDIARY STATUS.

Any Award to the extent not exercised shall terminate and become null and void upon a Termination of Employment of the Participant, except as set forth in subsections (a) through (e) below or as otherwise expressly provided by the Committee. Notwithstanding anything contained in this Section to the contrary, all Awards shall be subject to earlier termination pursuant to or as contemplated by Section 1.6 and Section 6.2 of this Plan. Unless the Committee otherwise provides, any and all rights to an Award, to the extent not exercised or vested, shall expire immediately upon a Termination of Employment of the

Participant for cause, of which the Committee (in the case of any dispute about cause) shall be the sole judge.

(a) NONQUALIFIED STOCK OPTIONS. Unless the Committee otherwise expressly provides in the Award Agreement:

(i) If the Participant's employment by the Company terminates by reason other than death, Disability or cause, or by reason of a Subsidiary ceasing to be a Subsidiary, then the Participant shall have three months after the date of Termination of Employment to exercise any Nonqualified Stock Option to the extent that it was exercisable on such date;

(ii) If the Participant's employment by the Company terminates by reason of a Disability, or if Participant suffers a Disability within three months of a Termination of Employment under subsection (i) above, then the Participant or Participant's Personal Representative, as the case may be, shall have twelve months after the date of Disability (or, if earlier, Termination of Employment) to exercise any Nonqualified Stock Option to the extent that it was exercisable on such date; and

(iii) If the Participant dies while in the employ of the Company, or within three months after a Termination of Employment under subsection (i) or (ii) above, then the Participant's Beneficiary may exercise, at any time within twelve months after the Participant's Termination of Employment, any Nonqualified Stock Option to the extent that it was exercisable on the date of the Participant's Termination of Employment);

PROVIDED, HOWEVER, that in no event shall the Option be exercised after the expiration of its term or its earlier termination under any other provisions of the Plan.

(b) INCENTIVE STOCK OPTIONS. Unless the Committee otherwise expressly provides in the Award Agreement:

(i) If the Participant's employment by the Company terminates by reason other than death, Disability or cause, or by reason of a Subsidiary ceasing to be a Subsidiary, then the Participant shall have three months after the date of Termination of Employment to exercise any Incentive Stock Option to the extent that it was exercisable on such date;

(ii) If the Participant's employment by the Company terminates by reason of a Disability, or if Participant suffers a Disability within three months of a Termination of Employment under subsection (i) above, then the Participant or Participant's Personal Representative, as

the case may be, shall have twelve months after the date of Disability (or, if earlier, Termination of Employment) to exercise any Incentive Stock Option to the extent that it was exercisable on such date; and

(iii) If the Participant dies while in the employ of the Company, or within three months after a Termination of Employment under subsection (i) or (ii) above, then the Participant's Beneficiary may exercise, at any time within twelve months after the Participant's Termination of Employment, any Incentive Stock Option to the extent that it was exercisable on the date of the Participant's Termination of Employment);

PROVIDED, HOWEVER, that in no event shall the Option be exercised after the expiration of its term or its earlier termination under other provision of this Plan.

(c) STOCK APPRECIATION RIGHTS. Each SAR shall have the same termination provisions and exercisability periods as the Option to which it relates. The exercisability period of a SAR shall not exceed that provided in the related Award Agreement, and the SAR shall expire at the end of such exercisability period.

(d) OTHER AWARDS. The Committee shall establish in respect of each other Award granted hereunder the Participant's rights and benefits (if any) in the event of a Termination of Employment and in so doing may make distinctions based upon, among other factions, the cause of termination and the nature of the Award.

(e) EXTENSION OF EXERCISE. Notwithstanding the foregoing provisions but subject to Section 6.2, in the event of, or in anticipation of, a Termination of Employment with the Company, the Committee may, in its discretion, increase the portion of the Award available to the Participant (or Participant's Beneficiary or Personal Representative, as the case may be) or extend the exercisability period upon such terms as the Committee shall determine.

6.4 COMPLIANCE WITH LAWS.

This Plan, the granting and vesting of Awards under this Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment of money under this Plan or under Awards granted hereunder are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law and federal margin requirements) and to such approvals by any listing, agency or any regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. Any securities delivered

under this Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Corporation, provide such assurances and representations to the Corporation as the Corporation may deem necessary or desirable to assure compliance with all applicable legal requirements.

6.5 TAX WITHHOLDING.

Upon any exercise, vesting, or payment of any Award or upon the disposition of shares of Common Stock acquired pursuant to the exercise of an Incentive Stock Option prior to satisfaction of the holding period requirements of Section 422 of the Code, the Company shall have the right at its option to (i) require the Participant (or the Participant's Personal Representative or Beneficiary, as the case may be) to pay or provide for payment of the amount of any taxes which the Company may be required to withhold with respect to such transaction or (ii) deduct from any amount payable the amount of any taxes which the Company may be required to withhold with respect to such cash amount. In any case where a tax is required to be withheld in connection with the delivery of shares of Common Stock under this Plan, the Committee may permit the Participant to elect, pursuant to such rules and subject to such conditions as the Committee may establish, to have the Corporation reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of shares valued at their then Fair Market Value, to satisfy such withholding obligation.

6.6 PLAN AMENDMENT, TERMINATION AND SUSPENSION.

(a) BOARD OR COMMITTEE AUTHORIZATION. The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part. No Awards may be granted during any suspension of this Plan or after termination of this Plan, but the Committee shall retain jurisdiction as to Awards then outstanding in accordance with the terms of this Plan.

(b) STOCKHOLDER APPROVAL. Any amendment to this Plan shall be subject to stockholder approval to the extent then required under Sections 422 and 424 of the Code or any other applicable law, or deemed necessary or advisable by the Board.

(c) AMENDMENTS TO AWARDS. Without limiting any other express authority of the Committee under but subject to the express limits of this Plan (including Section 6.2(c)), the Board or the Committee, by agreement or resolution, may waive conditions of or limitations on Awards to Eligible Persons that the Committee in the prior exercise of its discretion has imposed, without the consent of a Participant, and may make other changes to the terms and conditions of Awards that do not affect, in any manner materially adverse to the Employee Participant, his or her rights and benefits under an Award.

(d) LIMITATIONS ON AMENDMENTS TO PLAN AND AWARDS. No amendment, suspension or termination of this Plan or change of or

affecting any outstanding Award shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of the Participant or obligations of the Corporation under any Award granted under this Plan prior to the effective date of such change. Changes contemplated by Section 6.2 shall not be deemed to constitute changes or amendments for purposes of this Section 6.6.

6.7 PRIVILEGES OF STOCK OWNERSHIP.

Except as otherwise expressly authorized by the Committee or this Plan, a Participant shall not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record by him or her. No adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

6.8 EFFECTIVE DATE OF THIS PLAN.

The effective date of this Plan was March 4, 1994. Amendments effective April 8, 1997 were approved by the Board, subject to approval of stockholders, and did not adversely affect any award holder's rights or benefits under this Plan.

6.9 TERM OF THIS PLAN.

No Award shall be granted after March 3, 2004 (the "Termination Date"). Unless otherwise expressly provided in this Plan or in an applicable Award Agreement, any Award theretofore granted may extend beyond such date, and all authority of the Committee with respect to Awards hereunder, including its authority to amend an Award, shall continue during any suspension of this Plan and in respect of outstanding Awards on such Termination Date.

6.10 GOVERNING LAW/CONSTRUCTION/SEVERABILITY.

(a) CHOICE OF LAW. This Plan, the Awards, all documents evidencing Awards and all other related documents shall be governed by, and construed in accordance with the laws of the State of Maryland.

(b) SEVERABILITY. If any non-essential provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.

(c) PLAN CONSTRUCTION; BIFURCATION. Notwithstanding anything to the contrary in this Plan, the provisions of this Plan may at any time be bifurcated by the Board or the Committee in any manner so that certain provisions of any Award Agreement (or this Plan) intended (or required in order) to satisfy the

applicable requirements of Rule 16b-3 or to qualify for exemption from the limit on deductibility under Section 162(m) (to the extent permitted thereby) are applicable only to persons subject to those provisions and to those Awards to those persons intended to satisfy the requirements of the applicable rule or rules thereunder.

6.11 CAPTIONS.

Captions and headings are given to the sections and subsections of this Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Plan or any provision thereof.

6.12 NON-EXCLUSIVITY OF PLAN.

Nothing in this Plan shall limit or be deemed to limit the authority of the Board or the Committee to grant awards or authorize any other compensation, with or without reference to the Common Stock, under any other plan or authority.

VII. DEFINITIONS.

7.1 DEFINITIONS.

(a) "Award" shall mean an award of any Option, SAR, Stock Unit, Restricted Stock, Stock Bonus, DER, or any combination thereof, whether alternative or cumulative, authorized by and granted under this Plan.

(b) "Award Agreement" shall mean any writing setting forth the terms of an Award that has been authorized by the Committee.

(c) "Award Date" shall mean the date upon which the Committee took the action granting an Award or such later date as the Committee designates as the Award Date at the time of the Award.

(d) "Award Period" shall mean the period beginning on an Award Date and ending on the expiration date of such Award.

(e) "Beneficial Ownership" shall mean ownership of Equity Shares by a person who would be treated as an owner of such shares either directly or indirectly through the application of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code. The terms "Beneficial Owner," "Beneficially Owns" and "Beneficially Owned" shall have correlative meanings.

(f) "Beneficiary" shall mean the person, persons, trust or trusts entitled by will or the laws of descent and

distribution to receive the benefits specified in the Award Agreement and under this Plan in the event of a Participant's death, and shall mean the Participant's executor or administrator if no other Beneficiary is identified and able to act under the circumstances.

(g) "Board" shall mean the Board of Directors of the Corporation.

(h) "Change in Control Event" shall mean any of the following:

(1) Approval by the stockholders of the Corporation of the dissolution or liquidation of the Corporation;

(2) Approval by the stockholders of the Corporation of an agreement to merge or consolidate, or otherwise reorganize, with or into one or more entities that are not Subsidiaries or other affiliates, as a result of which less than 50% of the outstanding voting securities of the surviving or resulting entity immediately after the reorganization are, or will be, owned, directly or indirectly, by stockholders or other affiliates of the Corporation immediately before such reorganization (assuming for purposes of such determination that there is no change in the record ownership of the Corporation's securities from the record date for such approval until such reorganization but including in such determination any securities of the other parties to such reorganization held by affiliates of the Corporation);

(3) Approval by the stockholders of the Corporation of the sale of substantially all of the Corporation's business and/or assets to a person or entity which is not a Subsidiary or other affiliate; or

(4) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation representing more than 20% of the combined voting power of the Corporation's then outstanding securities entitled to then vote generally in the election of directors of the Corporation.

(i) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(j) "Commission" shall mean the Securities and Exchange Commission.

(k) "Committee" shall mean a committee appointed by the Board to administer this Plan, which committee shall be

comprised of at least two Board members or such greater number of directors as may be required under applicable law, each of whom, during such time as one or more Participants may be subject to Section 16 of the Exchange Act, shall be a Disinterested Director.

(l) "Common Stock" shall mean the Common Stock of the Corporation and such other securities or property as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Section 6.2 of this Plan.

(m) "Company" shall mean, collectively, The Macerich Company and its Subsidiaries, and shall mean, individually, any one of them, as the context requires.

(n) "Constructive Ownership" shall mean ownership of Equity Shares by a person who would be treated as an owner of such shares either directly or indirectly through the application of Section 318 of the Code, as modified by Section 856(d)(5) of the Code. The terms "Constructive Owner," "Constructive Owns" and "Constructively Owned" shall have correlative meanings.

(o) "Corporation" shall mean The Macerich Company, a Maryland corporation, and its successors.

(p) "Deferred Stock Award" shall mean a deferred payment award payable in Common Stock or cash or other consideration, as determined by the Committee, based on Stock Units credited to a Participant's Stock Unit Account.

(q) "Disability" shall mean, in the case of an Incentive Stock Option, a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code and, in the case of all other Awards, such other disabilities, infirmities, afflictions or conditions as the Committee by rule may include.

(r) "Disinterested Director" shall mean (unless the Board otherwise determines) a member of the Board who is a Non-Employee Director as defined in Rule 16b-3 and an "outside director" as defined in regulations under Section 162(m) of the Code, as each may be amended from time to time.

(s) "Dividend Equivalent Right" shall mean a right authorized under Section 5.4 of this Plan.

(t) "Eligible Person" shall mean an officer (whether or not an employee), an employee of the Company, a director of the Company or any other person (including a significant agent or consultant) who performs substantial services for the Company, all as determined by the Committee in its discretion, except as otherwise limited for purposes of Sections 5.2 and 5.3.

(u) "Equity Shares" shall mean shares that are either Common Stock or Preferred Stock.

(v) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(w) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended from time to time.

(x) "Fair Market Value" on any date shall mean the closing price of the stock on the Composite Tape, as published in the Western Edition of The Wall Street Journal, of the principal securities exchange or market on which the stock is so listed, admitted to trade, or quoted on such date, or, if there is no trading of the stock on such date, then the closing price of the stock as quoted on such Composite Tape on the next preceding date on which there was trading in such shares; PROVIDED, HOWEVER, if the stock is not so listed, admitted or quoted, the Committee may designate such other exchange, market or source of data as it deems appropriate for determining such value for purposes of this Plan.

(y) "Incentive Stock Option" shall mean an Option which is designated as an incentive stock option within the meaning of Section 422 of the Code and which contains such provisions as are necessary to comply with that section.

(z) "Nonqualified Stock Option" shall mean an Option that is designated as a Nonqualified Option and shall include any Option intended as an Incentive Option that fails to meet the applicable legal requirements thereof. Any Option granted hereunder that is not designated as an Incentive Stock Option shall be deemed to be designated a Nonqualified Stock Option under this Plan and not an Incentive Share Option under the Code.

(aa) "Option" shall mean an option to purchase Common Stock under this Plan. The Committee shall designate any Option granted to an Eligible Person as a Nonqualified Stock Option or an Incentive Stock Option.

(bb) "Ownership Limit" shall mean 9.8% of the value of the outstanding Equity Shares of the Corporation.

(cc) "Participant" shall mean an Eligible Person who has been granted an Award under this Plan.

(dd) "Personal Representative" shall mean the person or persons who, upon the disability or incompetence of a Participant, shall have acquired on behalf of the Participant, by legal proceeding or otherwise, the power to exercise the rights or receive benefits under this Plan by virtue of having become the legal representative of the Participant.

(ee) "Plan" shall mean The Macerich Company 1994 Stock Incentive Plan, as amended, renamed and restated effective April 8, 1997.

(ff) "Preferred Stock" shall mean the Preferred Stock of the Corporation.

(gg) "Qualified Performance-Based Award" shall mean a performance-based award under this Plan that is intended to satisfy the requirements of Section 162(m) of the Code in respect of performance-based compensation, the payment of which is contingent upon attainment of performance objectives specified by the Committee in respect of the business criteria specified in Section 5.2, and the issuance or vesting of which may be subject to other restrictions or conditions.

(hh) "Restricted Stock" shall mean shares of Common Stock awarded to a Participant pursuant to Article IV.

(ii) "Rule 16b-3" shall mean Rule 16b-3 as promulgated by the Commission pursuant to the Exchange Act as in effect on November 1, 1996, or any successor provision, as amended from time to time.

(jj) "Section 16 Person" shall mean a person subject to Section 16(a) of the Exchange Act.

(kk) "Section 162(m)" shall mean Section 162(m) of the Code and the regulations and interpretations of the Internal Revenue Service thereunder, as amended from time to time.

(ll) "Securities Act" shall mean the Securities Act of 1933, as amended from time to time.

(mm) "Stock Appreciation Right" shall mean a right authorized under Article III of this Plan.

(nn) "Stock Bonus" shall mean an Award of shares of Common Stock for no consideration other than past services (subject to Section 6.4) that includes such restrictions (if any) as the Committee may deem advisable to assure compliance with law or satisfaction of other conditions it may impose.

(oo) "Stock Unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of Common Stock of the Company (subject to adjustment) solely for purposes of this Plan.

(pp) "Stock Unit Account" shall mean the bookkeeping account maintained by the Company on behalf of each Participant which is credited with Stock Units in accordance with Section 5.3(c) and which is payable in cash, stock and/or other consideration as the Committee may determine.

(qq) "Subsidiary" shall mean The Macerich Partnership, L.P., a Delaware limited partnership, The Macerich Management Company, The Macerich Property Management Company, both California corporations, or any corporation or other entity a majority of whose outstanding voting stock or voting power is beneficially owned directly or indirectly by the Corporation.

(rr) "Termination of Employment" shall mean any termination of the Participant's employment with the Company; if an entity ceases to be a Subsidiary, a Termination of Employment shall be deemed to have occurred with respect to each employee of such Subsidiary who does not continue as an employee of another entity owned, controlled by or under common control with the Company. The Committee may provide generally or on a case-by-case basis on such conditions as it deems appropriate that a Termination of Employment does not occur if a person's status as an employee terminates but his or her services continue as an officer or other person who would be eligible to participate in the Plan as an Other Eligible Person.

EXHIBIT A

PERFORMANCE-BASED BUSINESS CRITERIA

FUNDS FROM OPERATIONS means Funds from Operations, as defined by The National Association of Real Estate Investment Trusts at the time of the grant of an Award, for the applicable period, as reflected in the Corporation's periodic financial reports for the period.

STOCK APPRECIATION means an increase in the price or value of the Common Stock of the Corporation after the date of grant of an Award and during the applicable period.

TOTAL STOCKHOLDER RETURN means the aggregate Common Stock price appreciation and dividends paid (assuming full reinvestment of dividends) during the applicable period.

OCCUPANCY GAINS means increases in the occupancy level (leased and occupied areas) of malls and freestanding store area (excluding Anchors) (owned at both the beginning and end of the applicable period) during the period, measured as a percentage of the gross leasable/occupiable area of such properties, as reported to the Committee for inclusion in the Corporation's reports to the SEC for the applicable period.

EBITDA means earnings before interest, taxes, depreciation and amortization for the applicable period, as reflected in the Corporation's financial reports for the applicable period.

OVERALL SQUARE FOOTAGE GROWTH means the increase, between the beginning and end of the applicable period, in the total square feet of gross leasable mall and free standing stores area (excluding Anchors), as reported to the Committee for inclusion in the Corporation's reports to the SEC for the applicable period.

Except as otherwise expressly provided, all financial terms are used as defined under Generally Accepted Accounting Principles (GAAP) and all determinations shall be made in accordance with GAAP, as applied by the Corporation in the preparation of its periodic reports to stockholders.

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of February 25, 1998 (this "AGREEMENT"), by and between The Macerich Company, a Maryland corporation (the "COMPANY"), and Security Capital Preferred Growth Incorporated, a Maryland corporation (the "INVESTOR").

WHEREAS, pursuant to that certain Series A Preferred Securities Purchase Agreement, dated as of January 19, 1998 (the "PURCHASE AGREEMENT"), by and among the Company, Macerich Partnership, L.P., a Delaware limited partnership, and the Investor, the Investor has agreed to acquire 3,627,131 shares of Series A Cumulative Convertible Preferred Stock, par value $.01 per share, of the Company (the "PREFERRED SHARES"), all of which may be converted into shares of the Company's common stock, par value $.01 per share (the "COMMON SHARES"), pursuant to the terms of the Preferred Shares; and

WHEREAS, in connection with the Purchase Agreement, the Company has agreed to register for sale by the Investor and certain transferees, the Common Shares received by the Investor upon conversion of Preferred Shares (the "REGISTRABLE SHARES"); and

WHEREAS, the parties hereto desire to enter into this Agreement to evidence the foregoing agreement of the Company and the mutual covenants of the parties relating thereto.

NOW, THEREFORE, in consideration of the foregoing and the covenants of the parties set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, subject to the terms and conditions set forth herein, the parties hereby agree as follows:

Section 1. CERTAIN DEFINITIONS. In this Agreement the following terms shall have the following respective meanings:

"ACCREDITED INVESTOR" shall have the meaning set forth in Rule 501 of the General Rules and Regulations promulgated under the Securities Act.

"AFFILIATE" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified.

"COMMISSION" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the relevant time.

"HOLDERS" shall mean (i) the Investor and (ii) each Person holding Registrable Shares (which term, for purposes of this definition shall include Common Shares that may be issued upon conversion of outstanding Preferred Shares) as a result of a transfer or assignment to that Person of Registrable Shares other than pursuant to an effective registration statement or Rule 144 under the Securities Act, which transfer or assignment is properly completed in accordance with Section 10 hereof.

"INDEMNIFIED PARTY" shall have the meaning ascribed to it in Section 6(c) of this Agreement.

"INDEMNIFYING PARTY" shall have the meaning ascribed to it in Section 6(c) of this Agreement.

"PERSON" shall mean an individual, corporation, partnership, estate, trust, association, private foundation, joint stock company or other entity.

"PIGGYBACK NOTICE" shall have the meaning ascribed to it in Section 3(a) of this Agreement.

"PIGGYBACK REGISTRATION" shall have the meaning ascribed to it in Section 3(a) of this Agreement.

"PREFERRED SHARES" shall have the meaning ascribed to it in the recitals to this Agreement.

The terms "REGISTER," "REGISTERED" and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act providing for the sale by the Holders of Registrable Shares in accordance with the method or methods of distribution designated by the Holders, and the declaration or ordering of the effectiveness of such registration statement by the Commission.

"REGISTRABLE SHARES" shall have the meaning ascribed to it in the recitals to this Agreement, except that as to any particular Registrable Shares, once issued such securities shall cease to be Registrable Shares when (a) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement, (b) such securities shall have been sold in accordance with Rule 144 (or any successor provision) under the Securities Act or (c) if in the opinion of counsel reasonably acceptable to the Company and the Holders securities may be sold in a transaction exempt from the registration and prospectus delivery requirements of the Securities Act and the Company has removed all transfer restrictions and legends with respect to the registration and prospectus delivery requirements for the consummation of such sale.

"REGISTRATION EXPENSES" shall mean all out-of-pocket expenses (excluding Selling Expenses) incurred by the Company in connection with any attempted or completed registration pursuant to Sections 2, 3 and 4 hereof, including, without limitation, the following: (a) all registration, filing and listing fees; (b) fees and expenses of compliance with federal and state securities or real estate syndication laws (including, without limitation, reasonable fees and disbursements of counsel in connection with state securities and real estate syndication qualifications of the Registrable Shares under the laws of such jurisdictions as the Holders may reasonably designate); (c) printing (including, without limitation, expenses of printing or engraving certificates for the Registrable Shares in a form eligible for deposit with The Depository Trust Company and otherwise meeting the requirements of any securities exchange on which they are listed and of printing registration statements and prospectuses), messenger, telephone, shipping and delivery expenses; (d) fees and disbursements of counsel for the Company; (e) fees and disbursements of all independent public accountants of the Company (including without limitation the expenses of any annual or special audit and "cold comfort" letters required by the managing underwriter); (f) Securities Act liability insurance if the Company so desires; (g) fees and expenses of other Persons reasonably necessary in connection with the registration, including any experts, retained by the Company; (h) fees and expenses incurred in connection with the listing of the Registrable Shares on each securities exchange on which securities of the same class or series are then listed; and (i) fees and expenses associated with any filing with the National Association of Securities Dealers, Inc. required to be made in connection with the registration statement.

"REGISTRATION REQUEST" shall have the meaning ascribed to it in Section 2(a) of this Agreement.

"RULE 144" shall mean Rule 144 promulgated by the Commission under the Securities Act.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the relevant time.

"SELLING EXPENSES" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to any sale of Registrable Shares and, if neither the Company nor any person not a Holder includes securities with the subject Registration, shall include all travel and other expenses of members of the management of the Company and its affiliates (and if the Company or any such Person shall so include securities, Selling Expenses shall include a pro rata portion of such travel and other expenses).

Section 2. DEMAND REGISTRATION.

(a) Upon receipt of a written request (a "REGISTRATION REQUEST") delivered not earlier than 120 days prior to the first anniversary of this Agreement from Holders holding at least 50% of the aggregate of the number of Registrable Shares then outstanding, the

Company shall (i) promptly give notice of the Registration Request to all non-requesting Holders and (ii) prepare and file with the Commission, within 45 days after its receipt of such Registration Request a registration statement for the purpose of effecting a Registration of the sale of all Registrable Shares by the requesting Holders and any other Holder who requests to have his Registrable Shares included in such registration statement within 10 days after receipt of notice by such Holder of the Registration Request. The Company shall use its reasonable best efforts to effect such Registration as soon as practicable but not later than 120 days after its receipt of such Registration Request (including, without limitation, the execution of an undertaking to file post-effective amendments and appropriate qualification under applicable state securities and real estate syndication laws); and shall keep such Registration continuously effective until the earlier of (i) the third anniversary of the date hereof, (ii) the date on which all Registrable Shares registered pursuant to such Registration have been sold pursuant to such registration statement or Rule 144, and (iii) the date on which, in the opinion of counsel reasonably acceptable to the Company and the Holders, all of the Registrable Shares registered pursuant to such Registration may be sold in accordance with Rule 144(k); PROVIDED, HOWEVER, that the Company shall not be obligated to take any action to effect any such Registration, qualification or compliance pursuant to this Section 2 in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration, qualification or compliance unless the Company is already subject to service in such jurisdiction.

Notwithstanding the foregoing, the Company shall have the right (the "SUSPENSION RIGHT") to defer such filing (or suspend sales under any filed registration statement or defer the updating of any filed registration statement and suspend sales thereunder) for a period of not more than 105 days during any one-year period ending on December 31, if the Company shall furnish to the Holders a certificate signed by an executive officer or any director of the Company stating that, in the good faith judgment of the Company, it would be detrimental to the Company and its shareholders to file such registration statement or amendment thereto at such time (or continue sales under a filed registration statement) and therefore the Company has elected to defer the filing of such registration statement (or suspend sales under a filed registration statement).

(b) The Company shall not be required to effect more than two (2) Registrations pursuant to this Section 2.

Section 3. PIGGYBACK REGISTRATIONS.

(a) On and after the Conversion Date (as defined in the Series A Preferred Articles Supplementary), so long as the Investor and its Affiliates hold at least 50% of the Registrable Shares, if the Company proposes to register under the Securities Act any of its common equity securities with an expected aggregate offering price to the public of at least $100 million (other than pursuant to (i) a registration statement filed pursuant to Rule 415 under the Securities Act, (ii) a registration on Form S-4 or any successor form, or (iii) an offering of securities in connection with an employee benefit, share dividend, share ownership or dividend

reinvestment plan) and the registration form to be used may be used for the registration of Registrable Shares, the Company will give prompt written notice to all Holders of Registrable Shares of its intention to effect such a registration (each a "PIGGYBACK NOTICE") and, subject to subparagraph 3(c) below, the Company will include in such registration all Registrable Shares with respect to which the Company has received written requests for inclusion therein within ten days after the date of sending the Piggyback Notice (a "PIGGYBACK REGISTRATION"), unless, if the Piggyback Registration is not an underwritten offering, the Company in its reasonable judgement determines that, or in the case of an underwritten Piggyback Registration, the managing underwriters advise the Company in writing that in their opinion, the inclusion of Registrable Shares would adversely interfere with such offering, affect the Company's securities in the public markets, or otherwise adversely affect the Company. Nothing herein shall affect the right of the Company to withdraw any such registration in its sole discretion.

(b) If a Piggyback Registration is a primary registration on behalf of the Company and, if the Piggyback Registration is not an underwritten offering, the Company in its reasonable judgement determines that, or in the case of an underwritten Piggyback Registration, the managing underwriters advise the Company in writing that in their opinion, the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner within a price range acceptable to the Company, the Company will include in such registration (i) first, the securities the Company proposes to sell and (ii) second, the Registrable Shares requested to be included in such Registration and any other securities requested to be included in such registration, pro rata among the holders of Registrable Shares requesting such registration and the holders of such other securities on the basis of the number of Shares requested for inclusion in such registration by each such holder.

(c) If a Piggyback Registration is a secondary registration on behalf of holders of the Company's securities other than the holders of Registrable Shares, and, if the Piggyback Registration is not an underwritten offering, the Company determines that, or in the case of an underwritten Piggyback Registration, the managing underwriters advise the Company in writing that in their opinion, the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting such registration, the Company will include in such registration the securities requested to be included therein by the holders requesting such registration and the Registrable Shares requested to be included in such registration, pro rata among the holders of securities requesting such registration on the basis of the number of Shares initially requested for inclusion in such registration by each such holder.

(d) In the case of an underwritten Piggyback Registration, the Company will have the right to select the investment banker(s) and manager(s) to administer the offering. In a registration pursuant to Section 2(a), the Holders requesting registration shall have the right to select the investment banker(s) and manager(s) to administer the offering, which shall be reasonably acceptable to the Company. If requested by the underwriters for any underwritten offerings by Holders, under a registration requested pursuant to Section 2(a), the Company will enter into a customary underwriting agreement with such underwriters for such

offering, to contain such representations and warranties by the Company and such other terms as are customarily contained in agreements of that type. The Holders who elect to register Registrable Shares shall be a party to such underwriting agreement and may, at their option, require that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement be conditions precedent to the obligations of Holders. Such Holders shall not be required to make any representations or warranties to or agreement with the Company or the underwriters other than representations, warranties or agreements regarding the Holders and the Holders' intended method of distribution and any other representation or warranties required by law.

Section 4. REGISTRATION PROCEDURES.

(a) The Company shall promptly notify the Holders of the occurrence of the following events:

(i) when any registration statement relating to the Registrable Shares or post-effective amendment thereto filed with the Commission has become effective;

(ii) the issuance by the Commission of any stop order suspending the effectiveness of any registration statement relating to the Registrable Shares;

(iii) the suspension of an effective registration statement by the Company in accordance with the last paragraph of Section 2(a) hereof;

(iv) the Company's receipt of any notification of the suspension of the qualification of any Registrable Shares covered by a registration statement for sale in any jurisdiction; and

(v) the existence of any event, fact or circumstance that results in a registration statement or prospectus relating to Registrable Shares or any document incorporated therein by reference containing an untrue statement of material fact or omitting to state a material fact required to be stated therein or necessary to make the statements therein not misleading during the distribution of securities.

The Company agrees to use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of any such registration statement or any state qualification as promptly as possible. The Investor agrees by acquisition of the Registrable Shares that upon receipt of any notice from the Company of the occurrence of any event of the type described in Section 4(a)(ii), (iii), (iv) or (v) to immediately discontinue its disposition of Registrable Shares pursuant to any registration statement relating to such securities until the Investor's receipt of written notice from the Company that such disposition may be made.

(b) The Company shall provide to the Holders, at no cost to the Holders, a copy of the registration statement and any amendment thereto used to effect the Registration of the Registrable Shares, each prospectus contained in such registration statement or post-effective amendment and any amendment or supplement thereto and such other documents as the requesting Holders may reasonably request in order to facilitate the disposition of the Registrable Shares covered by such registration statement. The Company consents to the use of each such prospectus and any supplement thereto by the Holders in connection with the offering and sale of the Registrable Shares covered by such registration statement or any amendment thereto. The Company shall also file a sufficient number of copies of the prospectus and any post-effective amendment or supplement thereto with the New York Stock Exchange, Inc. (or, if the Common Shares are no longer listed thereon, with such other securities exchange or market on which the Common Shares are then listed) so as to enable the Holders to have the benefits of the prospectus delivery provisions of Rule 153 under the Securities Act.

(c) The Company agrees to use its reasonable best efforts to cause the Registrable Shares covered by a registration statement to be registered with or approved by such state securities authorities as may be necessary to enable the Holders to consummate the disposition of such shares pursuant to the plan of distribution set forth in the registration statement; provided, however, that the Company shall not be obligated to take any action to effect any such Registration, qualification or compliance pursuant to this Section 4 in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration, qualification or compliance unless the Company is already subject to service in such jurisdiction..

(d) Subject to the Company's Suspension Right, if any event, fact or circumstance requiring an amendment to a registration statement relating to the Registrable Shares or supplement to a prospectus relating to the Registrable Shares shall exist, immediately upon becoming aware thereof the Company agrees to notify the Holders and prepare and furnish to the Holders a post-effective amendment to the registration statement or supplement to the prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Registrable Shares, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(e) The Company agrees to use its reasonable best efforts (including the payment of any listing fees) to obtain the listing of all Registrable Shares covered by the registration statement on each securities exchange on which securities of the same class or series are then listed.

(f) The Company agrees to use its reasonable best efforts to comply with the Securities Act and the Exchange Act in connection with the offer and sale of Registrable Shares pursuant to a registration statement, and, as soon as reasonably practicable following the end of any fiscal year during which a registration statement effecting a Registration of the

Registrable Shares shall have been effective, to make available to its security holders an earnings statement satisfying the provisions of Section 11(a) of the Securities Act.

(g) The Company agrees to cooperate with the selling Holders to facilitate the timely preparation and delivery of certificates representing Registrable Shares to be sold pursuant to a Registration and not bearing any Securities Act legend; and enable certificates for such Registrable Shares to be issued for such numbers of shares and registered in such names as the Holders may reasonably request at least two business days prior to any sale of Registrable Shares.

Section 5. EXPENSES OF REGISTRATION. The Company shall pay all Registration Expenses incurred in connection with the registration, qualification or compliance pursuant to Sections 2, 3 and 4 hereof. All Selling Expenses incurred in connection with the sale of Registrable Shares by any of the Holders shall be borne by the Holder selling such Registrable Shares. Each Holder shall pay the expenses of its own counsel.

Section 6. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company will (i) indemnify each Holder, each Holder's officers and directors, and each person controlling such Holder within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages and liabilities (including reasonable legal expenses), arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement or prospectus relating to the Registrable Shares, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and (ii) reimburse each Holder for all reasonable legal or other expenses incurred in connection with investigating or defending any such action or claim as such expenses are incurred, PROVIDED, HOWEVER, that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission, made in reliance upon and in conformity with information furnished in writing to the Company by such Holder or underwriter for inclusion therein; and PROVIDED FURTHER, that in the case of a nonunderwritten offering, the Company shall not be liable in any such case with respect to any preliminary prospectus or preliminary prospectus supplement to the extent that any such expenses, claims, losses, damages and liabilities result from the fact that Registrable Shares were sold to a person as to whom it shall be established that there was not sent or given at or prior to the written confirmation of such sale a copy of the prospectus as then amended or supplemented under circumstances were such delivery is required under the Securities Act, if the Company shall have previously furnished copies thereof to such Indemnified Person in sufficient quantities to enable such Indemnified Party to satisfy such obligations and the expense, claim, loss, damage or liability of such Indemnified Person results from an untrue statement or omission of a material fact contained it the preliminary prospectus or the preliminary prospectus supplement which was corrected in the prospectus.

(b) Each Holder selling shares pursuant to a Registration (and, in the case of a nonunderwritten offering, any agents of each Holder that facilitate the distribution of Registrable Shares) will (i) indemnify the Company, each of its directors and each of its officers who signs the registration statement, each underwriter, if any, of the Company's securities covered by such registration statement, and each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages and liabilities (including reasonable legal fees and expenses) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement or prospectus, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement or prospectus, in reliance upon and in conformity with information furnished in writing to the Company by such Holder for inclusion therein, and (ii) reimburse the Company for all reasonable legal or other expenses incurred in connection with investigating or defending any such action or claim as such expenses are incurred.

(c) Each party entitled to indemnification under this Section 6 (the "INDEMNIFIED PARTY") shall give notice to the party required to provide indemnification (the "INDEMNIFYING PARTY") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, but the omission to so notify the Indemnifying Party shall not relieve it from any liability which it may have to the Indemnified Party pursuant to the provisions of this Section 6 except to the extent of the actual damages suffered by such delay in notification. The Indemnifying Party shall assume the defense of such action, including the employment of counsel to be chosen by the Indemnifying Party to be reasonably satisfactory to the Indemnified Party, and payment of expenses. The Indemnified Party shall have the right to employ its own counsel in any such case, but the legal fees and expenses of such counsel shall be at the expense of the Indemnified Party, unless the employment of such counsel shall have been authorized in writing by the Indemnifying Party in connection with the defense of such action, or the Indemnifying Party shall not have employed counsel to take charge of the defense of such action or the Indemnified Party shall have reasonably concluded that there may be defenses available to it or them which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events such fees and expenses shall be borne by the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 6 is unavailable to a party that would have been an Indemnified Party under this Section 6 in respect of any expenses, claims, losses, damages and liabilities referred to herein, then each party that would

have been an Indemnifying Party hereunder shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such expenses, claims, losses, damages and liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and such Indemnified Party on the other in connection with the statement or omission which resulted in such expenses, claims, losses, damages and liabilities, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or such Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 6(d).

(e) No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) In no event shall any Holder be liable for any expenses, claims, losses, damages or liabilities pursuant to this Section 6 in excess of the net proceeds to such Holder of any Registrable Shares sold by such Holder.

Section 7. INFORMATION TO BE FURNISHED BY HOLDERS. Each Holder shall furnish to the Company such information as the Company may reasonably request and as shall be required in connection with the Registration and related proceedings referred to in Section 2 or Section 3 hereof. If any Holder fails to provide the Company with such information within 10 days of receipt of the Company's request, the Company's obligations under Section 2 or Section 3 hereof, as applicable, with respect to such Holder or the Registrable Shares owned by such Holder, shall be suspended until such Holder provides such information.

Section 8. UNDERTAKING TO PARTICIPATE IN UNDERWRITING. If the Holders of at least $75 million of the Registrable Shares shall propose to sell Registrable Shares in an underwritten public offering, the Company shall make available, for reasonable periods of time and with reasonable notice, members of the management of the Company and its affiliates for reasonable assistance in selling efforts relating to such offering, to the extent customary for a public offering (including, without limitation, to the extent customary, senior management attendance at due diligence meetings with the underwriters and their counsel and road shows) and shall enter into underwriting agreements containing usual and customary terms and conditions reasonably acceptable to the Company for such types of offerings.

Section 9. RULE 144 SALES.

(a) The Company covenants that it will use its best efforts to file the reports required to be filed by the Company under the Exchange Act, so as to enable any Holder to sell Registrable Shares pursuant to Rule 144 under the Securities Act.

(b) In connection with any sale, transfer or other disposition by any Holder of any Registrable Shares pursuant to Rule 144 under the Securities Act, the Company shall cooperate with such Holder to facilitate the timely preparation and delivery of certificates representing Registrable Shares to be sold and not bearing any Securities Act legend, and enable certificates for such Registrable Shares to be for such number of shares and registered in such names as the selling Holder may reasonably request at least two business days prior to any sale of Registrable Shares.

Section 10. TRANSFER OF REGISTRATION RIGHTS. The rights and obligations of a Holder under this Agreement may be transferred or otherwise assigned to a transferee or assignee of Registrable Shares provided that (i) such transferee or assignee becomes a party to this Agreement or agrees in writing to be subject to the terms hereof to the same extent as if such transferee or assignee were an original party hereunder and (ii) the Company is given written notice by such Holder of such transfer or assignment stating the name and address of such transferee or assignee and identifying the securities with regard to which such rights and obligations are being transferred or assigned.

Section 11. MISCELLANEOUS.

(a) GOVERNING LAW. This Agreement shall be governed in all respects by the laws of the State of Maryland.

(b) ENTIRE AGREEMENT. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof.

(c) AMENDMENT. No supplement, modification, waiver or termination of this Agreement shall be binding unless executed in writing by the Company and the Holders of at least two-thirds of the Registrable Shares.

(d) NOTICES, ETC. Each notice, demand, request, request for approval, consent, approval, disapproval, designation or other communication (each of the foregoing being referred to herein as a notice) required or desired to be given or made under this Agreement shall be in writing (except as otherwise provided in this Agreement), and shall be effective and deemed to have been received (i) when delivered in person, (ii) when sent by fax with receipt acknowledged, (iii) five (5) days after having been mailed by certified or registered United States mail, postage prepaid, return receipt requested, or (iv) the next business day after having been sent by a nationally recognized overnight mail or courier service, receipt requested. Notices shall be addressed as follows: (a) if to the Investor, at the Investor's address or fax number set forth below its signature hereon, or at such other address or fax number as the Investor shall have furnished to the Company in writing, or (b) if to any assignee or transferee of

an Investor, at such address or fax number as such assignee or transferee shall have furnished the Company in writing, or (c) if to the Company, at the address of its principal executive offices and addressed to the attention of the President, or at such other address or fax number as the Company shall have furnished to the Investors or any assignee or transferee. Any notice or other communication required to be given hereunder to a Holder in connection with a registration may instead be given to the designated representative of such Holder.

(e) COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which may be executed by fewer than all of the parties hereto (PROVIDED that each party executes one or more counterparts), each of which shall be enforceable against the parties actually executing such counterparts, and all of which together shall constitute one instrument.

(f) SEVERABILITY. In the event that any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision.

(g) SECTION TITLES. Section titles are for descriptive purposes only and shall not control or alter the meaning of this Agreement as set forth in the text.

(h) SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the parties hereto and their respective successors and assigns.

(i) REMEDIES. The Company and the Investor acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that the Company and each Holder, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of another party under this Agreement in accordance with the terms and conditions of this Agreement in any court of the United States or any State thereof having jurisdiction.

(j) ATTORNEYS' FEES. If the Company or any Holder brings an action to enforce its rights under this Agreement, the prevailing party in the action shall be entitled to recover its costs and expenses, including, without limitation, reasonable attorneys' fees, incurred in connection with such action, including any appeal of such action.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

THE MACERICH COMPANY

By:_____
Name:_____
Title:_____

SECURITY CAPITAL PREFERRED GROWTH INCORPORATED

By:_____
Name:_____
Title:_____

INCIDENTAL REGISTRATION RIGHTS AGREEMENT

Dated: As of July 21, 1994

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REGISTRATION RIGHTS AGREEMENT

This INCIDENTAL REGISTRATION RIGHTS AGREEMENT is made as of the 21 day of July, 1994 (this "AGREEMENT"), among THE MACERICH COMPANY, a Maryland corporation (the "COMPANY"), and the investors set forth on the signature pages hereto (each an "INVESTOR" and collectively the "INVESTORS").

W I T N E S S E T H:

WHEREAS, on the Closing Date (as defined below), each of the Investors will hold units ("OP Units") representing a limited partnership interest in The Macerich Partnership, L.P., a Delaware limited partnership, which may be redeemed for shares of Common Stock, $.01 par value per share, of the Company (the "Common Stock"); and

WHEREAS, the Company has agreed to provide Investors with certain registration rights as set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1 "BUSINESS DAY" means any day on which the New York Stock Exchange is open for trading.

1.2. "CLOSING DATE" means the date hereof.

1.3. "ELIGIBLE SECURITIES" means all or any portion of any shares of Common Stock acquired by Investors upon redemption of OP Units held by Investors on the Closing Date.

As to any proposed offer or sale of Eligible Securities, such securities shall cease to be Eligible Securities with respect to such proposed offer or sale when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement or (ii) such securities are permitted to be distributed pursuant to

Rule 144(k) (or any successor provision to such Rule) under the Securities Act or (iii) such securities shall have been otherwise transferred pursuant to an applicable exemption under the Securities Act, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company and such securities shall be freely transferable to the public without registration under the Securities Act.

1.4. Intentionally Omitted.

1.5. "PERSON" means an individual, a partnership (general or limited), corporation, joint venture, business trust, cooperative, association or other form of business organization, whether or not regarded as a legal entity under applicable law, a trust (inter vivos or testamentary), an estate of a deceased, insane or incompetent person, a quasi-governmental entity, a government or any agency, authority, political subdivision or other instrumentality thereof, or any other entity.

1.6. "REGISTRATION EXPENSES" means all expenses incident to the Company's performance of or compliance with the registration requirements set forth in this Agreement including, without limitation, the following: (i) the fees, disbursements and expenses of the Company's counsel(s) (United States and foreign), accountants and experts in connection with the registration of Eligible Securities to be disposed of under the Securities Act; (ii) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto and the mailing and delivering of copies thereof to the underwriters and dealers; (iii) the cost of printing or producing any agreement(s) among underwriters, underwriting agreement(s) and blue sky or legal investment memoranda, any selling agreements and any other documents in connection with the offering, sale or delivery of Eligible Securities to be disposed of; (iv) all expenses in connection with the qualification of Eligible Securities to be disposed of for offering and sale under state securities laws, including the fees and disbursements of counsel for the underwriters in connection with such qualification and in connection with any blue sky and legal investment surveys; (v) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of Eligible Securities to be disposed of; and (vi) fees and expenses incurred in connection with the listing of Eligible Securities on each securities exchange on which securities of the same class are then listed; PROVIDED, however, that Registration Expenses with respect to any registration pursuant to this Agreement shall not include underwriting discounts or commissions attributable to Eligible Securities or transfer taxes applicable to Eligible Securities.

1.7. "SEC" means the Securities and Exchange Commission.

1.8. "SECURITIES ACT" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

ARTICLE II

EFFECTIVENESS OF REGISTRATION RIGHTS

2.1 EFFECTIVENESS OF REGISTRATION RIGHTS. This Agreement shall become effective immediately, provided, however, that the exercise by any Investor of any registration rights granted pursuant to Article 3 hereof prior to the first anniversary of the Closing Date shall be subject to such Investor first having received written consent from the Company.

ARTICLE III

INCIDENTAL REGISTRATION RIGHTS

3.1 NOTICE AND REGISTRATION. If the Company proposes to register any shares of Common Stock or other securities issued by it having terms substantially similar to Eligible Securities ("Other Securities") for public sale under the Securities Act (whether proposed to be offered for sale by the Company or by any other Person) on a form and in a manner which would permit registration of Eligible Securities for sale to the public under the Securities Act, it will give prompt written notice to each Investor of its intention to do so, and upon the written request of any of the Investors delivered to the Company within fifteen (15) Business Days after the giving of any such notice (which request shall specify the number of Eligible Securities intended to be disposed of by such Investor and the intended method of disposition thereof) the Company will use all reasonable efforts to effect, in connection with the registration of the Other Securities, the registration under the Securities Act of all Eligible Securities which the Company has been so requested to register by the Investor or Investors, to the extent required to permit the disposition (in accordance with the intended method or methods thereof as aforesaid) of Eligible Securities so to be registered provided that:

(a) if, at any time after giving such written notice of its intention to register any Other Securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register the Other Securities, the Company may, at its election, give written notice of such determination to the Investor or Investors seeking

registration hereunder (hereafter referred to as the "SELLING INVESTORS") and thereupon the Company shall be relieved of its obligation to register such Eligible Securities in connection with the registration of such Other Securities (but not from its obligation to pay Registration Expenses to the extent incurred in connection therewith as provided in Section 3.2);

(b) The Company will not be required to effect any registration pursuant to this Article 3 if the Company shall have been advised in writing (with a copy to Investor) by a nationally recognized independent investment banking firm selected by the Company to act as lead underwriter in connection with the public offering of securities by the Company, that in such firm's opinion, a registration of the Eligible Securities which the Company has been requested to register by Investor at that time would materially and adversely affect the Company's own scheduled offering; and

(c) The Company shall not be required to effect any registration of Eligible Securities under this Article 3 incidental to the registration of any of its securities in connection with mergers, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock options or other employee benefit plans.

3.2 REGISTRATION EXPENSES. The Company (as between the Company and the Selling Investors) shall be responsible for the payment of all Registration Expenses in connection with any registration pursuant to this Article 3.

ARTICLE IV

REGISTRATION PROCEDURES

4. 1 REGISTRATION AND QUALIFICATION. If and whenever the Company is required to use all reasonable efforts to effect the registration of any Eligible Securities under the Securities Act as provided in Article 3, the Company will as promptly as is practicable:

(a) prepare, file and use all reasonable efforts to cause to become effective a registration statement under the Securities Act regarding the Eligible Securities to be offered;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Eligible Securities until the earlier of

such time as all of such Eligible Securities have been disposed of in accordance with the intended methods of disposition by the Selling Investors set forth in such registration statement or the expiration of twelve (12) months after such registration statement becomes effective;

(c) furnish to each Selling Investor and to any underwriter of such Eligible Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus), in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, and such other documents as such Selling Investor or such underwriter may reasonably request;

(d) use all reasonable efforts to register or qualify all Eligible Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as the Selling Investors or any underwriter of such Eligible Securities shall reasonably request, and do any and all other acts and things which may be reasonably requested by the Selling Investors or any underwriter to consummate the disposition in such jurisdictions of the Eligible Securities covered by such registration statement, except the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, or to subject itself to taxation in any jurisdiction where it is not then subject to taxation, or to consent to general service of process in any jurisdiction where it is not then subject to service of process;

(e) use all reasonable efforts to list the Eligible Securities on each national securities exchange on which the Common Stock is then listed, if the listing of such securities is then permitted under the rules of such exchange; and

(f) immediately notify the Selling Investors at any time when a prospectus relating to a registration pursuant to Article 3 hereof is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of any Selling Investor prepare and furnish to such Investor as many copies of a supplement to or an amendment of such prospectus as the Selling Investor may request so that, as thereafter delivered to the purchasers of

such Eligible Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Company may require the Investors to furnish the Company such information regarding the Investors and the distribution of such securities as the Company may from time to time reasonably request in writing and as shall be required by law or by the SEC in connection with any registration.

4.2 UNDERWRITING. (a) In the event that any registration pursuant to Article 3 hereof shall involve, in whole or in part, an underwritten offering, the Company may require Eligible Securities requested to be registered pursuant to Article 3 to be included in such underwriting on the same terms and conditions as shall be applicable to the Other Securities being sold through underwriters under such registration.

(b) If requested by the underwriters for any underwritten offering of Eligible Securities pursuant to a registration requested hereunder, the Company will enter into and perform its obligations under an underwriting agreement with such underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6 hereof. Each Selling Investor shall be a party to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of each such Selling Investor. Such agreement shall also contain such representations and warranties by each such Selling Investor and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6.

4.3 QUALIFICATION FOR RULE 144 SALES. The Company will take all actions reasonably necessary to comply with the filing requirements described in Rule 144(c)(1) so as to enable the Investors to sell Eligible Securities without registration under the Securities Act and, upon the written request of any Investor, the Company will deliver to such Investor a written statement as to whether it has complied with such filing requirements.

ARTICLE V

PREPARATION; REASONABLE INVESTIGATION

5.1 PREPARATION; REASONABLE INVESTIGATION. In connection with the preparation and filing of each registration statement registering Eligible Securities under the Securities Act, the Company will give each Selling Investor and the underwriters, if any, and their respective counsel and accountants, drafts of such registration statement for their review and comment prior to filing and such reasonable and customary access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of the Selling Investors and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

ARTICLE VI

INDEMNIFICATION AND CONTRIBUTION

6.1 INDEMNIFICATION AND CONTRIBUTION. (a) In the event of any registration of Eligible Securities hereunder, the Company will enter into customary indemnification arrangements to indemnify and hold harmless each Selling Investor, and each Person who participates as an underwriter in the offering or sale of such securities, and each Person, if any, who controls such underwriter within the meaning of the Securities Act against any losses, claims, damages, liabilities and expenses, joint or several, to which such Person may be subject under the Securities Act or otherwise insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will promptly reimburse each such Person for any legal or any other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; PROVIDED that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary

prospectus or final prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by such Selling Investor expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Selling Investor or any such Person and shall survive the transfer of such securities by such Selling Investor. The Company also shall agree to provide provision for contribution as shall be reasonably requested by the Selling Investors or any underwriters in circumstances where such indemnity is held unenforceable.

(b) Each Selling Investor, by virtue of exercising its registration rights hereunder, agrees and undertakes to enter into customary indemnification arrangements to indemnify and hold harmless (in the same manner and to the same extent as set forth in clause (a) of this Article 6) the Company, each director of the Company, each officer of the Company who shall sign such registration statement, each Person who participates as an underwriter in the offering or sale of such securities and each Person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act, with respect to any statement in or omission from such registration statement, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, but only to the extent that such statement or omission was made in reliance upon and in conformity with written information furnished by such Investor to the Company expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of the registered securities by the Investor and the expiration of this Agreement. Each Investor also shall agree to provide provision for contribution as shall be reasonably requested by the Company or any underwriters in circumstances where such indemnity is held unenforceable.

(c) Indemnification and contribution similar to that specified in the preceding subdivisions of this Article 6 (with appropriate modifications) shall be given by the Company and each Selling Investor with respect to any required registration or other qualification of Eligible Securities under any federal or state law or regulation of governmental authority other than the Securities Act.

ARTICLE VII

TRANSFER OF REGISTRATION RIGHTS

7.1 TRANSFER OF REGISTRATION RIGHTS. The Investors may NOT transfer the registration rights granted hereunder to any other Person.

ARTICLE VIII

MISCELLANEOUS

8.1 CAPTIONS. The captions or headings in this Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope or intent of this Agreement.

8.2 SEVERABILITY. If any clause, provision or section of this Agreement shall be invalid or unenforceable, the invalidity or unenforceability of such clause, provision or section shall not affect the enforceability or validity of any of the remaining clauses, provisions or sections hereof to the extent permitted by applicable law.

8.3 GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without reference to its rules as to conflicts or choice of laws.

8.4 MODIFICATION AND AGREEMENT. This Agreement may not be changed, modified, discharged or amended, except by an instrument signed by all of the parties hereto.

8.5 COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

8.6 ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding among the parties and supersedes any prior understandings and/or written or oral agreements among them respecting the subject matter herein.

8.7 NOTICES. All notices, requests, demands, consents and other communications required or permitted to be given pursuant to this Agreement shall be in writing and delivered by hand, by overnight courier delivery service or by certified mail, return receipt requested, postage prepaid. Notices to Investors shall be made to the address listed on the stock transfer records of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed as of the day and year first above written.

THE MACERICH COMPANY

By:

Name:
Title:

THE "INVESTORS"

/s/ Kevin Donohoe

Kevin Donohoe

/s/ Elizabeth Donohoe

Elizabeth Donohoe

/s/ Arthur Forte

Arthur Forte

/s/ Laura Forte

Laura Forte

/s/ Frank May

Frank May

/s/ Henry Glover, Jr.

Henry Glover, Jr.

CHESTERFIELD MALL ASSOCIATES,
a Virginia general partnership

BY: DONOHOE, O'BRIEN ASSOCIATES
a Pennsylvania limited partnership,
General Partner

By: THE KEVIN F. DONOHOE COMPANY
a Pennsylvania general partnership,
General Partner

By: /s/ Arthur W. Forte

Arthur W. Forte,
General Partner

THE MACERICH COMPANY

INCIDENTAL REGISTRATION RIGHTS AGREEMENT

DATED: AS OF AUGUST 15, 1995

This INCIDENTAL REGISTRATION RIGHTS AGREEMENT is made as of the 15th day of August, 1995 (this "AGREEMENT") between THE MACERICH COMPANY, a Maryland corporation (the "COMPANY") and SALISBURY-SPRINGHILL LIMITED PARTNERSHIP, a Maryland limited partnership ("INVESTOR").

W I T N E S S E T H:

WHEREAS, the Company has agreed to provide Investor with certain registration rights as set forth in this Agreement with respect to the units ("OP Units") held by Investor representing a limited partnership interest in The Macerich Partnership, L.P., a Delaware limited partnership (the "Partnership"), which may be redeemed for shares of Common Stock, $.01 par value per share, of the Company (the "Common Stock");

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1. "BUSINESS DAY" means any day on which the New York Stock Exchange is open for trading.

1.2. "CLOSING DATE" means the date hereof.

1.3. "ELIGIBLE SECURITIES" means all or any portion of any shares of Common Stock acquired by Investor upon redemption of OP Units held by Investor on the Closing Date, subject to the provisions of Section 3.4 hereof.

As to any proposed offer or sale of Eligible Securities, such securities shall cease to be Eligible Securities with respect to such proposed offer or sale when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement or, (ii) such securities are permitted to be distributed pursuant to Rule 144(k) (or any successor provision to such Rule) under the Securities Act or, (iii) such securities shall have been otherwise transferred pursuant to an applicable exemption under the Securities Act, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by

the Company and such securities shall be freely transferable to the public without registration under the Securities Act.

1.4. "PERSON" means an individual, a partnership (general or limited), corporation, joint venture, business trust, cooperative, association or other form of business organization, whether or not regarded as a legal entity under applicable law, a trust (inter vivos or testamentary), an estate of a deceased, insane or incompetent person, a quasi-governmental entity, a government or any agency, authority, political subdivision or other instrumentality thereof, or any other entity.

1.5. "REGISTRATION EXPENSES" means all expenses incident to the Company's performance of or compliance with the registration requirements set forth in this Agreement including, without limitation, the following: (i) the fees, disbursements and expenses of the Company's counsel(s) (United States and foreign), accountants and experts in connection with the registration of Eligible Securities to be disposed of under the Securities Act; (ii) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto and the mailing and delivering of copies thereof to the underwriters and dealers; (iii) the cost of printing or producing any agreement(s) among underwriters, underwriting agreement(s) and blue sky or legal investment memoranda, any selling agreements and any other documents in connection with the offering, sale or delivery of Eligible Securities to be disposed of; (iv) all expenses in connection with the qualification of Eligible Securities to be disposed of for offering and sale under state securities laws, including the fees and disbursements of counsel for the underwriters in connection with such qualification and in connection with any blue sky and legal investment surveys; (v) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of Eligible Securities to be disposed of; and (vi) fees and expenses incurred in connection with the listing of Eligible Securities on each securities exchange on which securities of the same class are then listed; PROVIDED, however, that Registration Expenses with respect to any registration pursuant to this Agreement shall not include underwriting discounts or commissions attributable to Eligible Securities or transfer taxes applicable to Eligible Securities.

1.6. "SEC" means the Securities and Exchange Commission.

1.7 "SECURITIES ACT" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

ARTICLE II

EFFECTIVENESS OF REGISTRATION RIGHTS

2.1. EFFECTIVENESS OF REGISTRATION RIGHTS. This Agreement shall become effective immediately; PROVIDED, HOWEVER, that the exercise by Investor of any registration rights granted pursuant to Article 3 hereof prior to the last day of the eighteenth (18th) month following the Closing Date shall be subject to Investor first having received written consent from the Company.

ARTICLE III

INCIDENTAL REGISTRATION RIGHTS

3.1. NOTICE AND REGISTRATION. If the Company proposes to register any shares of Common Stock or other securities issued by it having terms substantially similar to Eligible Securities ("Other Securities") for public sale under the Securities Act to be offered for sale by, and for the benefit of, the Company on a form and in a manner which would permit registration of Eligible Securities for sale to the public under the Securities Act, it will give prompt written notice to Investor (whether or not the direct holder of Eligible Securities) of its intention to do so, and upon the written request of Investor (the "Investor Notice") delivered to the Company within fifteen (15) Business Days after the giving of any such notice (which request shall specify the number of Eligible Securities intended to be disposed of by Investor and the intended method of disposition thereof) the Company will use all reasonable efforts to effect, in connection with the registration of the Other Securities, the registration under the Securities Act of all Eligible Securities which the Company has been so requested to register by Investor, to the extent required to permit the disposition (in accordance with the intended method or methods thereof as aforesaid) of Eligible securities so to be registered, provided that:

(a) if, at any time after giving such written notice of its intention to register any Other Securities and prior to the of effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register the Other Securities, the Company may, at its election, give written notice of such determination to Investor and thereupon the Company shall be relieved of its obligation to register such Eligible Securities in connection with the registration of such Other Securities (but not from its obligation to pay Registration Expenses to the extent incurred in connection therewith as provided in Section 3.2);

(b) The Company will not be required to effect any registration pursuant to this Article 3 if the Company shall

have been advised in writing (with a copy to Investor) by a nationally recognized independent investment banking firm selected by the Company to act as lead underwriter in connection with the public offering of securities by the Company, that in such firm's opinion, a registration of the number of Eligible Securities which the Company has been requested to register by Investor and any existing or future holder of incidental registration rights (collectively, the "Selling Shareholders") at that time would adversely affect the Company's own scheduled offering or the market price of the Common Stock (a "Full Cutback"), provided, however, that if registration of some but not all of the shares requested to be registered by Investor and any other Selling Shareholder would not adversely affect the Company's offering or the market price of the Common Stock, the aggregate number of shares of all of the Selling Shareholders that may be included in such registration shall be allocated first, to the Selling Shareholders who presently have demand registration rights with the Company and their permitted transferees in accordance with their respective registration rights agreements and second, if applicable, to the other Selling Shareholders pro rata according to the total number of shares for which registration was initially requested by such Selling Shareholders (a "Pro Rata Cutback");

(c) The Company shall not be required to effect any registration of Eligible Securities under this Article 3 incidental to the registration of any of its securities in connection with mergers, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock options or other employee benefit plans; and

(d) Investor shall have the right to request registration of Eligible Securities pursuant to this Article 3 no more than a total of two times during the life of this Agreement. No registration request by Investor shall be deemed a request for purposes of this Section 3.1(d) unless all of the Eligible Securities requested to be registered by Investor as specified in an Investor Notice are so registered by the Company in accordance with the provisions of this Agreement.

3.2. REGISTRATION EXPENSES. The Company (as between the Company and Investor) shall be responsible for the payment of all Registration Expenses in connection with any registration pursuant to this Article 3.

3.3. NOTICE REQUIREMENTS.

(a) At the time of the delivery of the Investor Notice, Investor must directly hold the number of Eligible Securities that Investor is requesting to be registered or follow the procedures specified herein. If at the time of the delivery of the Investor

Notice Investor does not directly hold the number of Eligible Securities that Investor is requesting to be registered, an exercise notice (the "Exercise Notice") must also be delivered in accordance with the partnership agreement of the Partnership requesting the redemption of OP Units (which together with any other Eligible Securities directly held by Investor) equal the number of Eligible Securities Investor is requesting the Company register pursuant to Article 3. If upon delivery of the Exercise Notice, all or any portion of the OP units are redeemed for cash or Unrestricted Common Stock (as defined below), the Investor Notice will be deemed to be amended to reflect the change in the number of shares of restricted Common Stock received upon such redemption.

(b) Notwithstanding any provision of the Partnership Agreement to the contrary, this Exercise Notice may only be revoked by Investor if (i) the registration statement filed in connection with such registration of Eligible Securities does not become effective, or (ii) the Eligible Securities that the Investor is requesting to be registered are not included in such registration statement in accordance with the provisions hereof, or (iii) a Full Cutback has occurred, or (iv) a Pro Rata Cutback has occurred; provided, however, that, in such event, the Exercise Notice may be revoked only with respect to the number of Eligible Securities not included in such registration statement. Within five (5) Business Days of receipt of written notice of any of the events described above, Investor must provide written notice to the Company of the intent of Investor to withdraw the Exercise Notice or Investor will be deemed to have declined the right to revoke the Exercise Notice.

1.4. ISSUANCE OF UNRESTRICTED COMMON STOCK. If upon any redemption of OP Units the Company issues to Investor Common Stock where its issuance was registered under the Securities Act ("Unrestricted Common Stock"), such shares of Unrestricted Common Stock shall not be deemed Eligible Securities for purposes of this Agreement and Investor will have no registration rights, and the Company will be relieved of all of its obligations hereunder, with respect to those shares of Unrestricted Common Stock.

ARTICLE IV

REGISTRATION PROCEDURES

4.1. REGISTRATION AND QUALIFICATION. If and whenever the Company is required to use all reasonable efforts to effect the registration of any Eligible Securities under the Securities Act as provided in Article 3, the Company will as promptly as is practicable:

(a) prepare, file and use all reasonable efforts to cause to become effective a registration statement under the Securities Act regarding the Eligible Securities to be offered;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Eligible Securities until the earlier of such time as all of such Eligible Securities have been disposed of in accordance with the intended methods of disposition by Investor set forth in such registration statement or the expiration of twelve (12) months after such registration statement becomes effective;

(c) furnish to Investor and to any underwriter of such Eligible Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus), in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, and such other documents as Investor or such underwriter may reasonably request;

(d) use all reasonable efforts to register or qualify all Eligible Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as Investor or any underwriter of such Eligible Securities shall reasonably request, and do any and all other acts and things which may be reasonably requested by Investor or any underwriter to consummate the disposition in such jurisdictions of the Eligible Securities covered by such registration statement, except the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, or to subject itself to taxation in any jurisdiction where it is not then subject to taxation, or to consent to general service of process in any jurisdiction where it is not then subject to service of process;

(e) use all reasonable efforts to list the Eligible Securities on each national securities exchange on which the Common Stock is then listed, if the listing of such securities is then permitted under the rules of such exchange; and

(f) immediately notify Investor at any time when a prospectus relating to a registration pursuant to Article 3 hereof is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the

circumstances under which they were made, not misleading, and at the request of Investor prepare and furnish to such Investor as many copies of a supplement to or an amendment of such prospectus as Investor may reasonably request so that, as thereafter delivered to the purchasers of such Eligible Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Company may require Investor to furnish the Company such information regarding Investor and the distribution of such Eligible Securities as the Company may from time to time reasonably request in writing and as shall be required by law or by the SEC in connection with any registration. The Company may also impose such restrictions and limitations on the distribution of such Eligible Securities as the Company reasonably believes are necessary or advisable to comply with applicable law or to effect an orderly distribution, including those restrictions set forth in Section 4.3 hereof.

4.2. UNDERWRITING. (a) In the event that any registration pursuant to Article 3 hereof shall involve, in whole or in part, an underwritten offering, the Company may require Eligible Securities requested to be registered pursuant to Article 3 to be included in such underwriting on the same terms and conditions as shall be applicable to the Other Securities being sold through underwriters under such registration. In such case, the holders of Eligible Securities on whose behalf Eligible Securities are to be distributed by such underwriters shall be parties to any such underwriting agreement. Such agreement shall contain such representations and warranties by Investor and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6. The representations and warranties in such underwriting agreement by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Eligible Securities.

(b) If requested by the underwriters for any underwritten offering of Eligible Securities pursuant to a registration requested hereunder, the Company will enter into and perform its obligations under an underwriting agreement with such underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and

contribution to the effect and to the extent provided in Article 6 hereof. Investor shall be a party to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of Investor. Such agreement shall also contain such representations and warranties by Investor and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6.

4.3. BLACKOUT PERIODS. At any time when a registration statement effected pursuant to Article 3 relating to Eligible Securities is effective, upon written notice from the Company to Investor that the Company has determined in good faith, with the advice of counsel, that Investor's sale of Eligible Securities pursuant to the registration statement would require disclosure of non-public material information the disclosure of which would have a material adverse effect on the Company or would otherwise adversely effect a material financing, acquisition, disposition, merger or other comparable transaction, Investor shall suspend sales of Eligible Securities pursuant to such registration statement until the earlier of:

(X) the date upon which such material information is disclosed to the public or ceases to be material, or

(Y) such time as the Company notifies Investor that sales pursuant to such registration statement may be resumed.

4.4. QUALIFICATION FOR RULE 144 SALES. The Company will take all actions reasonably necessary to comply with the filing requirements described in Rule 144(c)(1) so as to enable Investor to sell Eligible Securities without registration under the Securities Act and, upon the written request of Investor, the Company will deliver to Investor a written statement as to whether it has complied with such filing requirements.

ARTICLE V

PREPARATION; REASONABLE INVESTIGATION

5.1 PREPARATION; REASONABLE INVESTIGATION. In connection with the preparation and filing of each registration statement registering Eligible Securities under the Securities Act, the Company will give Investor and the underwriters, if any, and their respective counsel and accountants, drafts of such registration statement for their review and comment prior to filing and such reasonable and customary access to its books and records

and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of Investor and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

ARTICLE VI

INDEMNIFICATION AND CONTRIBUTION

6.1. INDEMNIFICATION AND CONTRIBUTION. (a) In the event of any registration of Eligible Securities hereunder, the Company will enter into customary indemnification arrangements to indemnify and hold harmless Investor, and each Person who participates as an underwriter in the offering or sale of such securities, and each Person, if any, who controls such underwriter within the meaning of the Securities Act against any losses, claims, damages, liabilities and expenses, joint or several, to which such Person may be subject under the Securities Act or otherwise insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will promptly reimburse each such Person for any legal or any other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; PROVIDED that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus or final prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by Investor expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Investor or any such Person and shall survive the transfer of such securities by Investor. The Company also shall agree to provide provision for contribution as shall be reasonably requested by Investor or any underwriters in circumstances where such indemnity is held unenforceable.

(b) Investor, by virtue of exercising its registration rights hereunder, agrees and undertakes to enter into customary indemnification arrangements to indemnify and hold harmless (in the

same manner and to the same extent as set forth in clause (a) of this Article 6) the Company, each director of the Company, each officer of the Company who shall sign such registration statement, each Person who participates as an underwriter in the offering or sale of such securities and each Person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act, with respect to any statement in or omission from such registration statement, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, but only to the extent that such statement or omission was made in reliance upon and in conformity with written information furnished by Investor to the Company expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of the registered securities by Investor and the expiration of this Agreement. Investor also shall agree to provide provision for contribution as shall be reasonably requested by the Company or any underwriters in circumstances where such indemnity is held unenforceable.

(c) Indemnification and contribution similar to that specified in the preceding subdivisions of this Article 6 (with appropriate modifications) shall be given by the Company and Investor with respect to any required registration or other qualification of Eligible Securities under any federal or state law or regulation of governmental authority other than the Securities Act.

ARTICLE VII

TRANSFER OF REGISTRATION RIGHTS

7.1. TRANSFER OF REGISTRATION RIGHTS. Investor may NOT transfer the registration rights granted hereunder to any other Person.

ARTICLE VIII

MISCELLANEOUS

8.1. CAPTIONS. The captions or headings in this Agreement are for convenience and reference only, and in no way define, describe, extend or limit the scope or intent of this Agreement.

8.2. SEVERABILITY. If any clause, provision or section of this Agreement shall be invalid or unenforceable, the invalidity or unenforceability of such clause, provision or section shall not affect the enforceability or validity of any of the remaining

clauses, provisions or sections hereof to the extent permitted by applicable law.

8.3. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without reference to its rules as to conflicts or choice of laws.

8.4. MODIFICATION AND AMENDMENT. This Agreement may not be changed, modified, discharged or amended, except by an instrument signed by all of the parties hereto.

8.5. COUNTERPARTS. This Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.

8.6. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement and understanding among the parties and supersedes any prior understandings and/or written or oral agreements among them respecting the subject matter herein.

8.7. NOTICES. All notices, requests, demands, consents and other communications required or permitted to be given pursuant to this Agreement shall be in writing and delivered by hand, by overnight courier delivery service or by certified mail, return receipt requested, postage prepaid. Notices to Investor shall be made to the address listed on the stock transfer records of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed as of the day and year first above written.

MACERICH:

THE MACERICH COMPANY,
a Maryland corporation

By: /s/ Arthur M. Coppola

Arthur M. Coppola
President

SALISBURY:

SALISBURY-SPRINGHILL LIMITED PARTNERSHIP,
a Maryland limited partnership

By: DMA Limited Partnership,
a general partner

By: /s/ Roy Praver

Roy Praver
General Partner

EXHIBIT Q-2

INCIDENTAL REGISTRATION RIGHTS AGREEMENT

CLOSING DISTRIBUTEE PARTNERS

This INCIDENTAL REGISTRATION RIGHTS AGREEMENT is made as of the 21st day of December, 1995 (this "Agreement"), between THE MACERICH COMPANY, a Maryland corporation (the "Company") and JOHN L. DEBENEDETTI, TRUSTEE OF THE DEBENEDETTI FAMILY TRUST ("Investor").

W I T N E S E T H:

WHEREAS, the Company has agreed to provide Investor with certain registration rights as set forth in this Agreement with respect to the units ("OP Units") held by Investor representing a limited partnership interest in The Macerich Partnership, L.P., a Delaware limited partnership (the "Partnership"), which may be redeemed for shares of Common Stock, $.01 par value per share, of the Company (the "Common Stock");

NOW, THEREFORE, in consideration of the mutual covenants and undertakings contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE I

CERTAIN DEFINITIONS

1.1. "BUSINESS DAY" means any day on which the New York Stock Exchange is open for trading.

1.2. "CLOSING DATE" means the date hereof.

1.3. "ELIGIBLE SECURITIES" means all or any portion of any shares of Common Stock acquired by Investor upon redemption of OP Units held by Investor on the Closing Date, subject to the provision of Section 3.4 hereof.

As to any proposed offer or sale of Eligible Securities, such securities shall cease to be Eligible Securities with respect to such proposed offer or sale when (i) a registration statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such registration statement or, (ii) such securities are permitted to be

distributed pursuant to Rule 144(k) (or any successor provision to such Rule) under the Securities Act or, (iii) such securities shall have been otherwise transferred pursuant to an applicable exemption under the Securities Act, new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company and such securities shall be freely transferable to the public without registration under the Securities Act.

1.4. "PERSON" means an individual, a partnership (general or limited), corporation, joint venture, business trust, cooperative, association or other form of business organization, whether or not regarded as a legal entity under applicable law, a trust (inter vivos or testamentary), an estate of a deceased, insane or incompetent person, a quasi-governmental entity, a government or any agency, authority, political subdivision or other instrumentality thereof, or any other entity.

1.5. "REGISTRATION EXPENSES" means all expenses incident to the Company's performance of or compliance with the registration requirements set forth in this Agreement including, without limitation, the following; (i) the fees, disbursements and expenses of the Company's counsel(s) (United States and foreign), accountants and experts in connection with the registration of Eligible Securities to be disposed of under the Securities Act; (ii) all expenses in connection with the preparation, printing and filing of the registration statement, any preliminary prospectus or final prospectus, any other offering document and amendments and supplements thereto and the mailing and delivering of copies thereof to the underwriters and dealers; (iii) the cost of printing or producing any agreement(s) among underwriters, underwriting agreement(s) and blue sky or legal investment memoranda, any selling agreements and any other documents in connection with the offering, sale or delivery of Eligible Securities to be disposed of; (iv) all expenses in connection with the qualification of Eligible Securities to be disposed of for offering and sale under state securities laws, including the fees and disbursements of counsel for the underwriters in connection with such qualification and in connection with any blue sky and legal investment surveys; (v) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of Eligible Securities to be disposed of; and (vi) fees and expenses incurred in connection with the listing of Eligible Securities on each securities exchange on which securities of the same class are then listed; PROVIDED, however, that Registration Expenses with respect to any registration pursuant to this Agreement shall not include underwriting discounts or commissions attributable to Eligible Securities or transfer taxes applicable to Eligible Securities.

1.6. "SEC" means the Securities and Exchange Commission.

1.7. "SECURITIES ACT" shall mean the Securities Act of 1933, as amended, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

ARTICLE II

EFFECTIVENESS OF REGISTRATION RIGHTS

2.1. EFFECTIVENESS OF REGISTRATION RIGHTS. This Agreement shall become effective immediately; PROVIDED, HOWEVER, that the exercise by Investor of any registration rights granted pursuant to Article 3 hereof prior to eighteen (18) months from the Closing Date shall be subject to Investor first having received written consent from the Company.

ARTICLE III

INCIDENTAL REGISTRATION RIGHTS

3.1. NOTICE AND REGISTRATION. If the Company proposes to register any shares of Common Stock or other securities issued by it having terms substantially similar to Eligible Securities ("Other Securities") for public sale under the Securities Act to be offered for sale by, and for the benefit of, the Company on a form and in a manner which would permit registration of Eligible Securities for sale to the public under the Securities Act or as specified in Section 3.1(d) below, it will give prompt written notice to Investor (whether or not the direct holder of Eligible Securities) of its intention to do so, and upon the written request of Investor (the "Investor Notice") delivered to the Company within fifteen (15) Business Days after the giving of any such notice (which request shall specify the number of Eligible Securities intended to be disposed of by Investor and the intended method of disposition thereof) the Company will use all reasonable efforts to effect, in connection with the registration of the Other Securities, the registration under the Securities Act of all Eligible Securities which the Company has been so requested to register by Investor, to the extent required to permit the disposition (in accordance with the intended method or methods thereof as aforesaid) of Eligible Securities so to be registered, provided that:

(a) if, at any time after giving such written notice of its intention to register any Other Securities and prior to the effective date of the registration statement filed in connection with such registration, the Company shall determine for any reason not to register the Other Securities, the Company may, at its election, give written notice of such determination to Investor and thereupon the Company shall be relieved of its obligation to register such

Eligible Securities in connection with the registration of such Other Securities (but not from its obligation to pay Registration Expenses to the extent incurred in connection therewith as provided in Section 3.2);

(b) The Company will not be required to effect any registration pursuant to this Article 3 if the Company shall have been advised in writing (with a copy to Investor) by a nationally recognized independent investment banking firm selected by the Company to act as lead underwriter in connection with the public offering of securities by the Company, that in such firm's opinion, a registration of the number of Eligible Securities which the Company has been requested to register by Investor and any existing or future holder of incidental registration rights (collectively, the "Selling Shareholders") at that time would adversely affect the Company's own scheduled offering or the market price of the Common Stock (a "Full Cutback"), provided, however, that if registration of some but not all of the shares requested to be registered by Investor and any other Selling Shareholder would not adversely affect the Company's offering or the market price of the Common Stock, the aggregate number of shares of all of the Selling Shareholders that may be included in such registration shall be allocated first, to the Selling Shareholders who presently have demand registration rights with the Company and their permitted transferees in accordance with their respective registration rights agreements and second, if applicable, to the other Selling Shareholders pro rata according to the total number of shares for which registration was initially requested by such Selling Shareholders (a "Pro Rata Cutback");

(c) The Company shall not be required to effect any registration of Eligible Securities under this Article 3 incidental to the registration of any of its securities in connection with mergers, acquisitions, exchange offers, subscription offers, dividend reinvestment plans or stock options or other employee benefit plans;

(d) If the Company proposes to register any Other Securities to be offered for sale by, and for the benefit of the Company, utilizing an unallocated shelf registration statement on Form S-3 and the SEC does not permit any secondary offering by an Investor to be registered in connection therewith, the Company agrees to use all reasonable efforts to effect the registration under the Securities Act of all Eligible Securities which the Company has been so requested to register by Investor, to the extent such secondary offering may be registered utilizing a registration statement on Form S-3 and to the extent required to permit the disposition of Eligible Securities so to be registered. Any registration to be effected pursuant

to this Section 3.1(d) shall be subject to the limitations and restrictions set forth in this Agreement; and

(e) Investor shall have the right to request registration of Eligible Securities pursuant to this Article 3 no more than a total of two times during the life of this Agreement. No registration request by an Investor shall be deemed a request for purposes of this Section 3.1(e) unless all of the Eligible Securities requested to be registered by an Investor as specified in an Investor Notice are so registered by the Company in accordance with the provisions of this Agreement.

3.2. REGISTRATION EXPENSES. The Company (as between the Company and Investor) shall be responsible for the payment of all Registration Expenses in connection with any registration pursuant to this Article 3.

3.3. NOTICE REQUIREMENTS.

(a) At the time of the delivery of the Investor Notice, Investor must directly hold the number of Eligible Securities that Investor is requesting to be registered or follow the procedures specified herein. If at the time of the delivery of the Investor Notice Investor does not directly hold the number of Eligible Securities that Investor is requesting to be registered, an exercise notice (the "Exercise Notice") must also be delivered in accordance with the partnership agreement of the Partnership requesting the redemption of OP Units (which together with any other Eligible Securities directly held by Investor) equal the number of Eligible Securities Investor is requesting the Company register pursuant to Article 3. If upon delivery of the Exercise Notice, all or any portion of the OP Units are redeemed for cash or Unrestricted Common Stock (as defined below), the Investor Notice will be deemed to be amended to reflect the change in the number of shares of restricted Common Stock received upon such redemption.

(b) Notwithstanding any provision of the Partnership Agreement to the contrary, this Exercise Notice may only be revoked by Investor if (i) the registration statement filed in connection with such registration of Eligible Securities does not become effective, or (ii) the Eligible Securities that the Investor is requesting to be registered are not included in such registration statement in accordance with the provisions hereof, or (iii) a Full Cutback has occurred, or (iv) a Pro Rata Cutback has occurred; provided, however, that, in such event, the Exercise Notice may be revoked only with respect to the number of Eligible Securities not included in such registration statement. Within five (5) Business Days of receipt of written notice of any of the events described above, Investor must provide written notice

to the Company of the intent of Investor to withdraw the Exercise Notice or Investor will be deemed to have declined the right to revoke the Exercise Notice.

3.4. ISSUANCE OF UNRESTRICTED COMMON STOCK. If upon any redemption of Op Units the Company issues to Investor Common Stock where its issuance was registered under the Securities Act ("Unrestricted Common Stock"), such shares of Unrestricted Common Stock shall not be deemed Eligible Securities for purposes of this Agreement and Investor will have no registration rights, and the Company will be relieved of all of its obligations hereunder, with respect to those shares of Unrestricted Common Stock.

ARTICLE IV

REGISTRATION PROCEDURES

4.1. REGISTRATION AND QUALIFICATION. If and whenever the Company is required to use all reasonable efforts to effect the registration of any Eligible Securities under the Securities Act as provided in Article 3, the Company will as promptly as is practicable:

(a) prepare, file and use all reasonable efforts to cause to become effective a registration statement under the Securities Act regarding the Eligible Securities to be offered;

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Eligible Securities until the earlier of such time as all of such Eligible Securities have been disposed of in accordance with the intended methods of disposition by Investor set forth in such registration statement or the expiration of twelve (12) months after such registration statement become effective;

(c) furnish to Investor and to any underwriter of such Eligible Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus), in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, and such other documents as Investor or such underwriter may reasonably request;

(d) use all reasonable efforts to register or qualify all Eligible Securities covered by such registration statement under such other securities or blue sky laws of such jurisdictions as Investor or any underwriter of such Eligible Securities shall reasonably request, and do any and all other acts and things which may be reasonably requested by Investor or any underwriter to consummate the disposition in such jurisdictions of the Eligible Securities covered by such registration statement, except the Company shall not for any such purpose be required to qualify generally to do business as a foreign corporation in any jurisdiction wherein it is not so qualified, or to subject itself to taxation in any jurisdiction where it is not then subject to taxation, or to consent to general service of process in any jurisdiction where it is not then subject to service of process;

(e) use all reasonable efforts to list the Eligible Securities on each national securities exchange on which the Common Stock is then listed, if the listing of such securities is then permitted under the rules of such exchange; and

(f) immediately notify Investor at any time when a prospectus relating to a registration pursuant to Article 3 hereof is required to be delivered under the Securities Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at the request of Investor prepare and furnish to such Investor as many copies of a supplement to or an amendment of such prospectus as Investor may reasonably request so that, as thereafter delivered to the purchasers of such Eligible Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

The Company may require Investor to furnish the Company such information regarding Investor and the distribution of such Eligible Securities as the Company may from time to time reasonably request in writing and as shall be required by law or by the SEC in connection with any registration. The Company may also impose such restrictions and limitations on the distribution of such Eligible Securities as the Company reasonably believes are necessary or advisable to comply with applicable law or to effect an orderly distribution, including those restrictions set forth in Section 4.3 hereof.

4.2. UNDERWRITING.

(a) In the event that any registration pursuant to Article 3 hereof shall involve, in whole or in part, an underwritten offering, the Company may require Eligible Securities requested to be registered pursuant to Article 3 to be included in such underwriting on the same terms and conditions as shall be applicable to the Other Securities being sold through underwriters under such registration. In such case, the holders of Eligible Securities on whose behalf Eligible Securities are to be distributed by such underwriters shall be parties to any such underwriting agreement. Such agreement shall contain such representations and warranties by Investor and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6. The representations and warranties in such underwriting agreement by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such holders of Eligible Securities.

(b) If requested by the underwriters for any underwritten offering of Eligible Securities pursuant to a registration requested hereunder, the Company will enter into and perform its obligations under an underwriting agreement with such underwriters for such offering, such agreement to contain such representations and warranties by the Company and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6 hereof. Investor shall be a party to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of Investor. Such agreement shall also contain such representations and warranties by Investor and such other terms and provisions as are customarily contained in underwriting agreements with respect to secondary distributions, including, without limitation, indemnities and contribution to the effect and to the extent provided in Article 6.

4.3. BLACKOUT PERIODS. At any time when a registration statement effected pursuant to Article 3 relating to Eligible Securities is effective, upon written notice from the Company to Investor that the Company has determined in good faith, with the advice of counsel, that Investor's sale of Eligible Securities pursuant to the registration statement would require disclosure

of non-public material information the disclosure of which would have a material adverse effect on the Company or would otherwise adversely effect a material financing, acquisition, disposition, merger or other comparable transaction, Investor shall suspend sales of Eligible Securities pursuant to such registration statement until the earlier of:

(X) the date upon which such material information is disclosed to the public or ceases to be material, or

(Y) such time as the Company notifies Investor that sales pursuant to such registration statement may be resumed.

4.4 QUALIFICATION FOR RULE 144 SALES. The Company will take all actions reasonably necessary to comply with the filing requirements described in Rule 144(c) so as to enable Investor to sell Eligible Securities without registration under the Securities Act and, upon the written request of Investor, the Company will deliver to Investor a written statement as to whether it has complied with such filing requirements.

ARTICLE V

PREPARATION; REASONABLE INVESTIGATION

5.1 Preparation; Reasonable Investigation. In connection with the preparation and filing of each registration statement registering Eligible Securities under the Securities Act, the Company will give Investor and the underwriters, if any, and their respective counsel and accountants, drafts of such registration statement for their review and comment prior to filing and such reasonable and customary access to its books and records and such opportunities to discuss the business of the Company with its officers and the independent public accountants who have certified its financial statements as shall be necessary, in the opinion of Investor and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

ARTICLE VI

INDEMNIFICATION AND CONTRIBUTION

6.1 Indemnification and Contribution.

(a) In the event of any registration of Eligible Securities hereunder, the Company will enter into customary indemnification arrangements to indemnify and hold harmless Investor, and each Person who participates as an underwriter in the offering or sale of such securities, and each Person,

if any, who controls such underwriter within the meaning of the Securities Act against any losses, claims, damages, liabilities and expenses, joint or several, to which such Person may be subject under the Securities Act or otherwise insofar as such losses, claims, damages, liabilities or expenses (or actions or proceedings in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of any material fact contained in any registration statement under which such securities were registered under the Securities Act, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, or any document incorporated by reference therein, or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company will promptly reimburse each such Person for any legal or any other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability, action or proceeding; PROVIDED that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability (or action or proceeding in respect thereof) or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such registration statement, any such preliminary prospectus or final prospectus, amendment or supplement in reliance upon and in conformity with written information furnished to the Company by Investor expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Investor or any such Person and shall survive the transfer of such securities by Investor. The Company also shall agree to provide provision for contribution as shall be reasonably requested by Investor or any underwriters in circumstances where such indemnity is held unenforceable.

(b) Investor, by virtue of exercising its registration rights hereunder, agrees and undertakes to enter into customary indemnification arrangements to indemnify and hold harmless (in the same manner and to the same extent as set forth in clause (a) of this Article 6) the Company, each director of the Company, each officer of the Company who shall sign such registration statement, each Person who participates as an underwriter in the offering or sale of such securities and each Person, if any, who controls the Company or any such underwriter within the meaning of the Securities Act, with respect to any statement in or omission from such registration statement, any preliminary prospectus or final prospectus included therein, or any amendment or supplement thereto, but only to the extent that such statement or omission was made in reliance upon and in conformity with written information furnished by Investor to

the Company expressly for use in the registration statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Company or any such director, officer or controlling Person and shall survive the transfer of the registered securities by Investor and the expiration of this Agreement. Investor also shall be reasonably requested by the Company or any underwriters in circumstances where such indemnity is held unenforceable.

(c) Indemnification and contribution similar to that specified in the preceding subdivisions of this Article 6 (with appropriate modifications) shall be given by the Company and Investor with respect to any required registration or other qualification of Eligible Securities under any federal or state law or regulation of governmental authority other than the Securities Act.

ARTICLE VII

TRANSFER OF REGISTRATION RIGHTS

7.1. TRANSFER OF REGISTRATION RIGHTS. Investor may NOT transfer the registration rights granted hereunder to any other Person.

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MISCELLANEOUS

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8.2. SEVERABILITY. If any clause, provision or section of this Agreement shall be invalid or unenforceable, the invalidity or unenforceability of such clause, provision or section shall not affect the enforceability or validity of any of the remaining clauses, provisions or sections hereof to the extent permitted by applicable law.

8.3. GOVERNING LAW. This Agreement shall be construed and enforced in accordance with the internal laws of the State of California, without reference to its rules as to conflicts or choice of laws.

8.4. MODIFICATION AND AMENDMENT. This Agreement may not be changed, modified, discharged or amended, except by an instrument signed by all of the parties hereto.

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8.7. NOTICES. All notices, requests, demands, consents and other communications required or permitted to be given pursuant to this Agreement shall be in writing and delivered by hand, by overnight courier delivery service or by certified mail, return receipt requested, postage prepaid. Notices to Investor shall be made to the address listed on the stock transfer records of the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be executed as of the day and year first above written.

THE MACERICH COMPANY

By: /s/ Richard A. Bayer

Name: Richard A. Bayer
Title: General Counsel and Secretary

INVESTOR:

/s/ John L. Debenedetti

Print Name: JOHN L. DEBENEDETTI, TRUSTEE
DEBENEDETTI FAMILY TRUST

Address: 497 Stockbridge Avenue
Atherton, California 94027

INCIDENTAL/DEMAND REGISTRATION RIGHTS AGREEMENTS, ELECTION FORMS, ACCREDITED/NON-ACCREDITED INVESTORS CERTIFICATES, AND INVESTOR CERTIFICATES (CALIFORNIA) dated as of various dates by and between Macerich and the following investors:

1. John L. deBenedetti Trust
2. Jack R. Taylor
3. Timothy G. Sheehan
4. Silvia Breiholz
5. Richard Elkus Trust
6. Michael Franchetti
7. Peter Franchetti Trust
8. Sherry Franchetti
9. Robert Kantor
10. Irene Kivitz
11. Albert Knorp

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VOLUME VIII

12. Robert Lanctot
13. Morshead Trust
14. Wilmot Nicholson Trust
15. Rod & Pat Stofle
16. Catherine Wyler Trust
17. Judy Wyler Trust
18. Melanie Wyler Trust
19. David Wyler Trust
20. Curry P/S Pension Trust
21. Edward Cutter Trust
22. Fitzgerald P/S Trust

** Photocopy

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VOLUME IX

23. Richard Gould Trust
24. Jeffery P/S Pension Trust
25. Jeanne Murphy
26. Harvey & Nancy Newton
27. William Roach
28. Leo & Myrna Roselyn Trust
29. Ralph & Marilyn Speigl Trust
30. Speigl P/S Pension Trust
31. John Gatto
32. Constance Seymour

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VOLUME X

33. John & Carmen Aitken Trust
34. Andrew Blum UGMA
35. Blum Associates
36. Morgan Blum UGMA
37. Morgan Blum Trust
38. Ari Blum UGMA
39. Ari Blum Trust
40. Joseph Blum IRA
41. Charles Brandes
42. Eugene & Kathleen Clahan Trust
43. Kevin Clahan
44. Brian Clahan
45. Eugenia Clahan
46. James & Wera Clough Trust
47. Freidman P/S Pension Trust
48. Jacobs Group Ptrshp
49. Henry Jacobsen

** Photocopy

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VOLUME XI

50. Jacobsen Trust
51. Gerald Neimeyer
52. Cecil & Josephine Osborne Trust
53. David Rawson Trust
54. Barry & Janet Robbins Trust
55. Jeremy Rose UGMA
56. Timothy Rose UGMA
57. Richard & Kathryn Rose Trust
58. Stanley Rosenberg
59. Carol Rosenberg
60. Daniel Spiegelman

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VOLUME XII

61. Lisa Spiegelman UGMA
62. Robert Spiegelman Trust
63. Betty Spiegelman Trust
64. Mitchell Tarkoff
65. Robert Wilkinson Trust
66. Benjamin Wells

SECURED FULL RECOURSE
PROMISSORY NOTE
DUE NOVEMBER 16, 2007

$1,000,000.00 Dallas,Texas
November 17, 1997

FOR VALUE RECEIVED, Edward C. Coppola, Jr., an individual ("MAKER"), unconditionally promises to pay to The Macerich Company, a Maryland corporation (together with any successor or assignee by operation of law or otherwise, the "PAYEE"), on the earlier of November 16, 2007 or such other date as provided herein, in the manner and at the place hereinafter provided, the lesser of (i) one million dollars ($1,000,000.00) and (ii) the unpaid principal amount of all advances made by Payee to Maker for the purposes of Maker's purchase of common stock of the Payee pursuant to the terms of The Macerich Company Amended and Restated 1994 Incentive Plan (the "Plan"). All advances made under this Note shall be noted hereon; PROVIDED, HOWEVER, that the failure to make a notation shall not limit or otherwise affect the obligations of Maker hereunder with respect to payments of principal or interest on this Note.

Maker also promises to pay interest on the unpaid principal balance of this Note from the date such principal is advanced until such principal is paid in full at a rate per annum equal to the lesser of: (i) the maximum amount allowable pursuant to applicable law; or (ii) 7.00%. Interest that is due and payable but not yet paid shall be added to principal and accrue interest from the date due. Interest on this Note shall be computed on the basis of a 365-day year, based on the actual number of days elapsed and shall be payable in arrears quarterly on the fifteenth (15th) day of each March, June, September and December, commencing on December 15, 1997, upon any prepayment of this Note (to the extent accrued on the amount being prepaid) and at maturity.

1. PAYMENTS; VOLUNTARY REPAYMENT. All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America. Each payment made hereunder shall be credited first to interest then due and the remainder of such payment shall be credited to principal, and interest shall thereupon cease to accrue upon the principal so credited. Maker shall have the right at any time and from time to time to prepay the principal of this Note in whole or in part, without premium or penalty, such prepayment hereunder being accompanied by interest on the principal amount of the Note being prepaid to the date of prepayment. Notwithstanding any payment or prepayment of principal hereunder by Maker, Maker acknowledges and agrees that the aggregate advances made by Payee hereunder shall in no event exceed the sum of $1,000,000.

2. MANDATORY REPAYMENT.

(a) If the Board of Directors of Payee (the "Board") makes any dividend or other distribution to its stockholders which it determines for these purposes to be unusual or extraordinary (an "Extraordinary Distribution"), then the Board, or the Compensation Committee of the Board, may, in its sole discretion, require that Maker use the Net Cash Proceeds (as defined below) of the Extraordinary Distribution to repay this Note. The Net Cash Proceeds shall be applied first to accrued and unpaid interest on this Note and second to the unpaid principal balance of this Note. As used herein, Net Cash Proceeds means all cash or cash proceeds from an Extraordinary Distribution in respect of the Pledged Collateral (as defined in that certain Pledge Agreement (the "Pledge Agreement") dated as of November 17, 1997 between Maker and Payee) MINUS the amount of applicable federal, state and local taxes which the Board, or the Compensation Committee of the Board, reasonably determines will be payable by Maker in connection with the Extraordinary Distribution. The Board, or the Compensation Committee of the Board, shall cause Payee to notify Maker in writing at least 10 days prior to the payment date of any Extraordinary Distribution with respect to which it intends to require Maker to use the Net Cash Proceeds to repay this Note. If Maker is required to use the Net Cash Proceeds to repay this Note, then within three (3) business days of receipt of the Net Cash Proceeds, Maker shall pay to Payee an amount equal to the Net Cash Proceeds to be so applied.

(b) In the event that Maker sells, transfers, assigns or otherwise disposes of any of the Pledged Collateral as permitted by and in accordance with Section 6 of the Pledge Agreement, Maker shall concurrently repay the unpaid principal balance of this Note in an amount equal to the greater of: (i)(A) the percentage of the total Pledged Collateral (prior to such disposition) that the shares so disposed of represents MULTIPLIED BY (B) the unpaid principal amount of this Note or (ii) the amount by which the unpaid principal amount of this Note exceeds the Fair Market Value (as defined in the Pledge Agreement) of the Pledged Collateral (after giving effect to the release of collateral set forth in Section 6 of the Pledge Agreement).

(c) If there shall occur a Termination of Employment (as such term is defined in the Plan) of Maker, the unpaid principal amount of this Note together with accrued interest thereon shall become due and payable on the 10th business day after the Termination of Employment of Maker except as otherwise provided in Section 1.8(d) of the Plan.

3. FULL RECOURSE NOTE. This Note is the Note referred to in the Pledge Agreement. This Note is a full

recourse Note and Maker shall be liable for the full payment of principal of and interest on this Note. This Note is also secured by, and is entitled to the benefit of, the Pledge Agreement, the terms and provisions of which are hereby incorporated herein as if set forth herein in full.

4. EVENTS OF DEFAULT. Each of the following shall constitute an Event of Default:

(a) The sale, transfer, assignment or other disposition of any Pledged Collateral, other than in accordance with the terms and conditions of Section 2(b) of this Note and Section 6(c) of the Pledge Agreement;

(b) The failure by Maker to pay any principal under this Note when due, whether at stated maturity, by acceleration, or otherwise, or failure to pay any interest or other amount due under this Note within five (5) days after the date due;

(c) any challenge, or institution of any proceedings to challenge by Maker of the validity, binding effect or enforceability of this Note or any endorsement of this Note;

(d) any default by Maker of any other obligation under this Note or the Pledge Agreement; or

(e) The initiation of any proceeding relating to Maker under any bankruptcy, reorganization, arrangement of debt, insolvency, readjustment of debt or receivership law or statute, whether filed by or against Maker, or the assignment for the benefit of creditors by Maker.

Upon an Event of Default set forth in clauses (a), (b) and (e) above, the principal amount of this Note together with accrued interest thereon shall become immediately due and payable, without presentment, demand, notice, protest or other requirements of any kind (all of which are hereby expressly waived by Maker). Upon any other Event of Default, Payee may, by written notice to Maker, declare the principal amount of this Note together with accrued interest thereon to be due and payable, and the principal amount of this Note together with such interest shall thereupon immediately become due and payable without presentment, further notice, protest or other requirements of any kind (all of which are hereby expressly waived by Maker).

5. SET-OFF. Payee shall be entitled to set-off against this Note any and all amounts owed by Payee to Maker as and when such amounts become due and payable, whether presently existing or hereafter incurred, to the maximum extent allowable under applicable laws. To the extent that Maker's consent to the set-off is required, this Note constitutes Maker's consent.

6. MISCELLANEOUS.

(a) All notices and other communications provided for hereunder shall be in writing (including telegraphic, telex, telefacsimile or cable communication) and hand-delivered, mailed, or telecopied as follows: if to Maker, at its address specified opposite its signature below; and if to Payee, at 233 Wilshire Boulevard, Santa Monica, CA 90401; or in each case at such other address as shall be designated by Payee or Maker. All such notices and communications shall, when hand-delivered, mailed, or telecopied (with answer-back confirmation) be effective when deposited in the mails, delivered or sent by telecopier.

(b) No failure or delay on the part of Payee or any other holder of this Note to exercise any right, power or privilege under this Note and no course of dealing between Maker and Payee shall impair such right, power or privilege or operate as a waiver of any default or an acquiescence therein, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies expressly provided in this Note are cumulative to, and not exclusive of, any rights or remedies that Payee would otherwise have. No notice to or demand on Maker in any case shall entitle Maker to any other or further notice or demand in similar or other circumstances or constitute a waiver of the right of Payee to any other or further action in any circumstances without notice or demand.

(c) Maker and any endorser of this Note hereby consent to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waive diligence, presentment, protest, demand and notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder. To the fullest extent permitted by law, the obligations of Maker hereunder shall not be subject to any counterclaim, set-off, deduction, diminution, abatement, recoupment, deferment, suspension, reduction or defense (other than the full and strict compliance by Maker with those obligations) based on any claim that Maker may have against Payee or any other person.

(d) No provision of this Note may be waived, modified or discharged orally, but only by an agreement signed by the party against whom enforcement is sought.

(e) If any provision in or obligation under this Note shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in

any other jurisdiction, shall not in any way be affected or impaired thereby.

(f) This note and the rights and obligations of maker and payee hereunder shall be governed by, and shall be construed and enforced in accordance with the laws of the State of California except for such matters as are subject to the General Corporation Law of the State of Maryland.

IN WITNESS WHEREOF, Maker has executed and delivered this Note as of the day and year and at the place first above written.

Edward C. Coppola, Jr.

Notice Address:

Edward C. Coppola, Jr.
c/o The Macerich Company
Two Galleria Tower
13455 Noel Rd., Suite 1480
Dallas, TX 75240

TRANSACTIONS ON PROMISSORY NOTE

Date	Amount of Loan Made on this Date	Amount of Principal Repaid on this Date	Outstanding Principal Balance on this Date
11/17/97	$657,938.46		$657,938.46
11/18/97	$341,948.40		$999,886.86

List of Omitted Secured Full Recourse Notes

1. Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by Richard A. Bayer to the order of the Company.

2. Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by David J. Contis to the order of the Company.

3. Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by Thomas E. O'Hern to the order of the Company.

4. Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by Larry Sidwell to the order of the Company.

STOCK PLEDGE AGREEMENT

This STOCK PLEDGE AGREEMENT (this "AGREEMENT") is dated as of November 17, 1997 and entered into by and between EDWARD C. COPPOLA, JR., AN INDIVIDUAL ("PLEDGOR"), and THE MACERICH COMPANY, a Maryland corporation ("SECURED PARTY").

WITNESSETH

WHEREAS, pursuant to the terms of a promissory note dated of even date herewith executed by Pledgor in favor of Secured Party (said promissory note, as it may hereafter be amended, supplemented or otherwise modified from time to time, being the "NOTE," the terms defined therein and not otherwise defined herein being used herein as therein defined), Secured Party has agreed to loan (the "LOAN") up to one million dollars ($1,000,000) to Pledgor;

WHEREAS, the proceeds of the Loan will be used to pay for the purchase by Pledgor of shares of common stock of the Secured Party; and

WHEREAS, as a condition to the making of such Loans by Secured Party the repayment of which is evidenced by the Note, Pledgor has agreed to grant the security interests and undertake the obligations contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and in order to induce Secured Party to make the Loan the repayment of which is evidenced by the Note and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Pledgor hereby agrees with Secured Party as follows:

SECTION 1. CERTAIN DEFINITIONS. The following terms used in this Agreement shall have the following meanings:

"AGREEMENT" means this Pledge Agreement dated as of November 17, 1997 by and between Pledgor and Secured Party.

"BOARD" means the Board of Directors of Secured Party, or the Compensation Committee thereof.

"CONTRACTUAL OBLIGATION," as applied to any Person, means any provision of any security issued by that Person or of any material indenture, mortgage, deed of trust, contract,

undertaking, agreement or other instrument to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject.

"EVENT OF DEFAULT" has the meaning assigned to such term in the Note.

"FAIR MARKET VALUE," with respect to shares of the Company's common stock or any other securities, means the average closing sale price as reported on the New York Stock Exchange (or such other national exchange or market system on which the Company's common stock or such other securities may then be listed or quoted) for the ten (10) trading days immediately preceding the date of valuation or such other method as may be required by applicable Legal Limits, or, if the Company's common stock or such other securities are not listed or quoted on a national exchange or market system, then a value determined in good faith by the Board. "Fair Market Value," with respect to any other property shall be determined in good faith by the Board of Directors.

"LEGAL LIMITS" means any legal restrictions applicable to the release of the Pledged Collateral and the extension or maintenance of credit or its repayment, including without limitation those included in Regulation G of the Federal Reserve Board.

"LIEN" means any lien, mortgage, pledge, assignment, security interest, charge or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, and any agreement to give any security interest) and any option, trust or other preferential arrangement having the practical effect of any of the foregoing.

"LOAN" has the meaning assigned to such term in the recitals to this Agreement.

"MANDATORY REPAYMENT OBLIGATIONS" means the obligations of Pledgor to repay the Note pursuant to Section 2 of the Note.

"NOTE" has the meaning assigned to such term in the recitals to this Agreement.

"PERSON" means and includes natural persons, corporations, limited partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof.

"PLEDGED COLLATERAL" has the meaning assigned to such term in Section 2.

"PLEDGED SHARES" means all shares of common stock of the Company purchased by Pledgor using the proceeds of the Loan, and any other securities into which such shares are converted or reclassified (by stock split, merger, extraordinary distribution or otherwise) or for which such shares are exchanged by operation of law or consent of Secured Party.

"PLEDGOR" means Edward C. Coppola, Jr.

"PROCEEDS" has the meaning assigned to such term in Section 2(c).

"SEC" means the Securities and Exchange Commission.

"SECURED OBLIGATIONS" has the meaning assigned to such term in Section 3.

"SECURED PARTY" means The Macerich Company, a Maryland corporation, and its successors and assigns by operation of law or otherwise.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"UNDERLYING DEBT" has the meaning assigned to such term in Section 3.

SECTION 2. PLEDGE OF SECURITY. Subject to Section 8(a), Pledgor hereby pledges and assigns to Secured Party, and hereby grants to Secured Party a security interest in, all of Pledgor's right, title and interest in and to the following and all interests therein (the "PLEDGED COLLATERAL"):

(a)

List of Omitted Stock Pledge Agreements

1. Stock Pledge Agreement dated November 17, 1997 Due November 16, 2007 made by Richard A. Bayer for the benefit of the Company.

2. Stock Pledge Agreement dated November 17, 1997 Due November 16, 2007 made by David J. Contis for the benefit of the Company.

3. Stock Pledge Agreement dated November 17, 1997 Due November 16, 2007 made by Thomas E. O'Hern for the benefit of the Company.

4. Stock Pledge Agreement dated November 17, 1997 Due November 16, 2007 made by Larry Sidwell for the benefit of the Company.

PROMISSORY NOTE

$550,000.00 DATED AS OF MAY 2, 1997

FOR VALUE RECEIVED, the undersigned, David J. Contis ("BORROWER"), an employee of Lender, hereby unconditionally promises to pay on demand made in accordance with Paragraph 3 below, to the order of Macerich Management Company ("LENDER"), in lawful money of the United States and in immediately available funds, the full amount of the unpaid principal balance of the Demand Loan made by Lender to the undersigned pursuant to Schedule A attached hereto. Such payment shall be made for the account of Lender at its office located at 233 Wilshire Boulevard, Suite 700, Santa Monica, California 90401, or at such other office as Lender may notify Borrower. Borrower acknowledges and agrees to the following additional terms:

1. One-fifth (1/5) of the original amount of this loan will be forgiven by Lender at the end of each successive twelve (12) month period of Borrower's continued employment with Lender elapsing after the date of this Demand Note. In the event Borrower's employment with Lender terminates for any reason before the principal amount of this loan is forgiven or otherwise paid in full, an additional one-sixtieth (1/60) of the original amount of this loan will be forgiven for each full calendar month of Borrower's continued employment with Lender completed since the then most recent anniversary date of the date of this Demand Note.

2. Taxable income will be imputed to Borrower as a result of (a) the forgiveness of each portion of this loan as specified in Paragraph 1 above and (b) the lack of interest payments on the principal balance due, so that Lender will issue W-2 forms or 1099 forms, as Lender deems appropriate, to Borrower which reflect such imputed income and, further, that Lender may be required to withhold tax on such income from salary and other compensation payments made to Borrower during and after the period this loan is outstanding. In the event Lender notifies Borrower that funds available to Lender for withholding are insufficient, Borrower agrees to remit to Lender on demand an appropriate amount to cover any and all taxes to be withheld by Lender as contemplated by the previous sentence hereof.

3. If Borrower's employment with Lender terminates for any reason before the principal amount of this loan is forgiven or otherwise paid in full, all amounts then remaining unpaid on this Demand Note shall be due and payable upon demand and interest shall accrue on such unpaid balance from the date of such termination forward at the rate of ten percent (10%) per annum.

4. Lender has not made any representations concerning Lender's willingness not to exercise, or delay exercising, its rights to enforce this Note or to demand payment of this Note. Such demand may be made at any time following the date Borrower's employment with Lender terminates as set forth in Paragraph 3 above. Interest shall accrue on the unpaid balance of this loan from the time of demand forward at the rate of ten percent (10%) per annum. No delay or omission on the part of the Lender in exercising any right or remedy to enforce this Note shall operate as a waiver of such right or remedy under this Note. No waiver by Lender of any right or remedy shall be effective unless in writing and signed by the Lender on the reverse side of the original of this Note and no such waiver on one occasion shall be construed as a waiver on any other occasion. No modification of this Note shall be effective unless the modification is in writing and is signed by the Lender on the reverse side of the original of this Note.

5. Borrower agrees that the rights granted to the Lender pursuant to this Note shall accrue to any endorsee of this Note who is lawfully in possession of this Note.

THIS DEMAND NOTE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA (WITHOUT REFERENCE TO ITS CHOICE OF LAW RULES).

IN CONNECTION WITH ANY ACTION, PROCEEDING OR COUNTERCLAIM, BORROWER HEREBY EXPRESSLY, INTENTIONALLY AND IRREVOCABLY WAIVES ANY RIGHT THE PARTY MAY OTHERWISE HAVE TO TRIAL BY JURY OF ANY CLAIM, WHETHER SUCH CLAIM IS MADE BY LENDER AGAINST BORROWER OR BORROWER AGAINST LENDER.

BORROWER AGREES TO PAY ALL REASONABLE COSTS AND EXPENSES OF LENDER IN ENFORCING AND COLLECTING THIS DEMAND NOTE, INCLUDING REASONABLE ATTORNEY'S FEES, INCURRED IN LITIGATION PROCEEDINGS OR OTHERWISE, INCLUDING ANY SUCH ATTORNEY'S FEES INCURRED IN BANKRUPTCY, REORGANIZATION OR SIMILAR PROCEEDINGS.

IN WITNESS WHEREOF, the party hereto has caused this Demand Note to be duly executed and delivered as of the date and year first above written.

BORROWER:

/s/ David J. Contis

David J. Contis

Address:

CONSENT OF SPOUSE

I have read and understand this Promissory Note and consent to its terms.

/s/ Jane L. Contis

Jane L. Contis

SCHEDULE A

LOAN AMOUNT: $550,000.00

INTEREST RATE: 0%/10%

Upon demand for payment following Borrower's termination of employment in accordance with the terms of the Note, interest on the unpaid principal amount shall accrue at a rate of ten percent (10%) per annum, and such interest shall be payable on demand.

PARTNERSHIP AGREEMENT

OF

SM PORTFOLIO LIMITED PARTNERSHIP

BY AND BETWEEN

MACERICH EQ LIMITED PARTNERSHIP,

MACERICH EQ GP CORP.,

SDG EQ DEVELOPERS LIMITED PARTNERSHIP,

AND

SDG EQ ASSOCIATES, INC.

Dated as of
February 24, 1998

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PARTNERSHIP AGREEMENT
OF
SM PORTFOLIO LIMITED PARTNERSHIP

- ---
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THIS PARTNERSHIP AGREEMENT (this "AGREEMENT") is made and entered into as of February 24, 1998, by and between SDG EQ DEVELOPERS LIMITED PARTNERSHIP a Delaware limited partnership ("SDG"), SDG EQ ASSOCIATES, INC., a Delaware corporation ("SSPE"), MACERICH EQ LIMITED PARTNERSHIP, a Delaware limited partnership ("MACERICH"), and MACERICH EQ GP CORP., a Delaware corporation ("MSPE"), on the terms and conditions set forth herein. Attached to this Agreement immediately following the signature page is a glossary of defined terms (the "GLOSSARY OF DEFINED TERMS"). Each capitalized term used in this Agreement either is defined in the Glossary of Defined Terms, or the location of its definition is cross-referenced in the Glossary of Defined Terms.

ARTICLE 1

FORMATION AND ORGANIZATION

1.1 FORMATION. SDG, Macerich, SSPE and MSPE hereby form a limited partnership (the "PARTNERSHIP") under the Act upon the terms and conditions set forth in this Agreement. Each of SSPE and MSPE (and their permitted successors-in-interest that are admitted as partners in the Partnership) is a general partner in the Partnership and is referred to herein individually as a "GENERAL PARTNER," and each of Macerich and SDG (and their permitted successors-in-interest that are admitted as partners in the Partnership) is a limited partner in the Partnership and is referred to herein individually as a "LIMITED PARTNER." Each of the General Partners and the Limited Partners are referred to herein individually as a "PARTNER" and, collectively, as the "PARTNERS." SSPE and SDG, on the one hand, and MSPE and Macerich, on the other hand, are jointly referred to herein as a "PARTY" and collectively as "PARTIES". Any contributions by or distributions to a Party shall be deemed to have been made to or by, as the case may be, the entities constituting such Party in proportion to each such entity's Partnership Interest. The General Partners shall promptly execute, publish or file all assumed or fictitious name, or other similar, certificates required by law to be published or filed, in connection with the formation and operation of the Partnership in each state and locality where it is necessary or desirable to publish or file such certificates in order to form and operate the Partnership.

1.2 NAME. The name of the Partnership shall be "SM Portfolio Limited Partnership," and all business of the Partnership shall be conducted in such name or such other name as the Executive Committee, from time to time, shall unanimously select.

1.3 CHARACTER OF THE BUSINESS. The purpose of the Partnership is to (a) hold a ninety-nine percent (99%) limited partner interest in the Underlying Partnership, (b) conduct

all activities reasonably related to the ownership of such interests, (c) acquire, own, develop, finance, refinance, mortgage, encumber, hypothecate, lease, sell, maintain, improve, alter, remodel, expand, manage, exchange, dispose, and otherwise operate and deal with real property, (d) to transact any and all other businesses for which limited partnerships may be formed under Delaware law, and (e) to accomplish any of the foregoing purposes for its own account or as nominee, agent or trustee for others; PROVIDED, HOWEVER, that such business shall be limited to and conducted in such a manner as to permit any Persons owning any interests in any of the Partners at all times to be classified as a "real estate investment trust" within the meaning of Section 856 of the Code (a "REIT").

1.4 PRINCIPAL OFFICE. The principal office of the Partnership shall be at 233 Wilshire Boulevard, Suite 700, Santa Monica, California 90401, or at such other place as the Executive Committee may, from time to time, determine (the "PRINCIPAL OFFICE").

1.5 TERM. The Partnership shall commence on the date of this Agreement and shall continue until the Partnership is dissolved and terminated in accordance with the provisions of ARTICLE 10.

1.6 TITLE TO PROPERTY. All real and personal property owned by the Partnership shall be owned by the Partnership as an entity and no Partner shall have any ownership interest in such property in its individual name or right, and each Partner's interest in the Partnership shall be personal property for all purposes. Except as otherwise provided in this Agreement, the Partnership shall hold all of its real and personal property in the name of the Partnership and not in the name of any Partner.

1.7 PAYMENTS OF INDIVIDUAL OBLIGATIONS. The Partnership's credit and assets shall be used solely for the benefit of the Partnership, and no asset of the Partnership shall be transferred or encumbered for, or in payment of, any individual obligation of a Partner.

1.8 OTHER BUSINESS INTERESTS.

(a) Each Partner shall be required to devote only such time to the affairs of the Partnership as may be necessary for the proper performance of such Partner's duties hereunder. Except to the extent expressly provided to the contrary in this SECTION 1.8, nothing in this Agreement shall: (i) limit the rights of each Partner and its Affiliates, and such Partner's and Affiliate's respective officers, directors, employees and stockholders ("RELATED PERSONS") to serve other Persons in any capacity, to own interests in other businesses and undertakings, to pursue and engage in other investments, opportunities and activities, and to derive and enjoy profits, compensation and other consideration in respect thereof, whether or not such services, interests, businesses, undertakings, investments, opportunities and activities (collectively, "OTHER INTERESTS") are similar to or competitive with the business or assets of the Partnership, (ii) afford any Partner any right to share in the profits, compensation and other consideration derived from the Other Interests of any other Partner or any other Partner's Related Persons, or to participate in the Other Interests of any other Partner or any other Partner's Related Persons, (iii) require any Partner to disclose to any other Partner or the Partnership the existence or nature of any such

Other Interest, or (iv) obligate any Partner to first offer any such Other Interest to any other Partner or the Partnership, or allow any other Partner or the Partnership to participate therein.

(b) Notwithstanding the foregoing, until an individual Property has been sold or otherwise transferred by the Underlying Partnership or Partnership, respectively, a Party (or any Affiliate of a Party) (each a "PROPOSING PARTY") shall not obtain an equity interest (whether direct or indirect) in any real estate venture ("REAL ESTATE ACTIVITY") within the area described as the "Non-Competition Area" for each Property on SCHEDULE 5 attached hereto, as such SCHEDULE 5 may be amended from time to time, ("NON-COMPETITION AREA") unless it has first provided the other Party (the "NONPROPOSING PARTY") with written notice describing in reasonable detail the proposed transaction and offering the transaction as a Partnership opportunity (the "PROPOSAL") and the Nonproposing Party has failed to notify the Proposing Party within thirty (30) days of its receipt of such notice that such Nonproposing Party desires that the Partnership, rather than the Proposing Party individually, enter into and invest in such Real Estate Activity. In the event that the Nonproposing Party delivers the notice described in the immediately preceding sentence directing that the Partnership invest in the Real Estate Activity, each Party shall make any Additional Capital Contributions required by the Executive Committee to fund the investment of the Partnership pursuant to the Proposal, the Real Estate Activity will be an opportunity for the Partnership and the Real Estate Activity shall be included as a business of the Partnership within SECTION 1.3. The Proposal described above shall include all information that the Proposing Party has with respect to the Real Estate Activity, including proformas, plans and specifications and economic projections relating to the Real Estate Activity. If the Nonproposing Party consents to the Proposing Party's investment in the Real Estate Activity individually or fails to respond to the Proposal within thirty (30) days after its receipt thereof, the Proposing Party or its Affiliate shall be permitted to invest in the Real Estate Activity in its individual capacity.

1.9 TRANSACTIONS WITH AFFILIATES. To the extent permitted by applicable law and except as otherwise provided in this Agreement (including SECTION 5.11 hereof), the Operating Committee and any property manager, when acting through the Partnership, are hereby authorized to purchase property and services from, sell property and services to, or otherwise deal with any Partner, acting on its own behalf, or any Affiliate of any Partner, provided that any such purchase, sale, or other transaction (and any such Affiliates' affiliation to a Partner) shall be fully disclosed to the Partners and shall be made on market terms and conditions which are no less favorable to the Partnership (including as to price, quality and payment terms) than if the sale, purchase, or other transaction had been entered into with an independent third party.

ARTICLE 2

CAPITAL CONTRIBUTIONS AND OTHER FINANCING MATTERS

2.1 PERCENTAGE INTERESTS. The names, addresses, and percentage interests ("PERCENTAGE INTERESTS") of the Partners are as follows:

NAME AND ADDRESS	PERCENTAGE INTEREST
GENERAL PARTNERS	
Macerich EQ GP Corp. 233 Wilshire Boulevard, Suite 700 Santa Monica, California 90401 Telecopier No.: (310) 395-2791	.1%
SDG EQ Associates, Inc. c/o Simon DeBartolo Group National City Center 115 West Washington Street Indianapolis, Indiana 46204 Telecopier No.: (317) 685-7221	.1%
LIMITED PARTNERS	
Macerich EQ Limited Partnership 233 Wilshire Boulevard, Suite 700 Santa Monica, California 90401 Telecopier No.: (310) 395-2791	49.9%
SDG EQ Developers Limited Partnership c/o Simon DeBartolo Group National City Center 115 West Washington Street Indianapolis, Indiana 46204 Telecopier No.: (317) 685-7221	49.9%

2.2 INITIAL CAPITAL CONTRIBUTIONS. The initial Capital Contributions ("INITIAL CAPITAL CONTRIBUTIONS") of the Parties shall be made as follows:

(a) Concurrently with the execution of the Purchase Agreement by the Underlying Partnership, each Party shall deliver to Equitable (the seller of the Properties), as a contribution to the Partnership, and as a contribution by the Partnership to the Underlying Partnership, a clean, irrevocable letter of credit in the amount of $12,500,000 each naming Equitable as beneficiary (such letters of credit to satisfy the "Deposit" requirement under the Purchase Agreement). For this purpose, each of SDG and Macerich shall be deemed to have contributed to each of SSPE and MSPE, respectively, a portion of each such letter of credit representing each's proportionate interest in the Partnership, which letters of credit shall be deemed contributed by to the Partnership by SSPE and MSPE.

(b) Each Party hereby agrees to contribute to the capital of the Partnership, as a Capital Contribution, an amount equal to fifty percent (50%) of the Closing Funding Requirement (as defined below), subject, however, to the remaining provisions of this SECTION 2.2. As used herein, the term "CLOSING FUNDING REQUIREMENT" shall mean the sum of (i) all amounts required to be deposited by the Underlying Partnership with Escrow Agent pursuant to the Purchase Agreement in order to close the transaction thereunder, including amounts due to Equitable under the Purchase Agreement as the purchase price consideration paid for the Underlying Properties and the Underlying Partnership's share of all closing costs and expenses required to be deposited with and paid through Escrow Agent pursuant to the Purchase Agreement (the "ESCROW CLOSING REQUIREMENT"), (ii) all out-of-pocket costs and expenses paid or payable to Persons other than the Underlying Partnership, any Partner or any Affiliate thereof (other than those amounts described in CLAUSE (i) above) that have been and/or will be incurred by the Underlying Partnership, the Partnership, the Partners and the Partners' respective Affiliates in connection with the formation of the Partnership and the Underlying Partnership and investigating and acquiring the Properties (including, without limitation, costs incurred in connection with the negotiation of the Purchase Agreement and this Agreement and all out-of-pocket due diligence costs and fees (collectively, "DUE DILIGENCE, FORMATION AND ACQUISITION COSTS"), and (iii) the amount set forth in the Original Approved Pre-Closing Budget (as defined below) for the funding of the Underlying Partnership's initial capital improvement and operating reserve (as such amount may be adjusted by the mutual consent of the Partners in their sole and absolute discretion) (the "INITIAL RESERVE REQUIREMENTS").

(c) Attached hereto as SCHEDULE 1 is a budget (the "ORIGINAL APPROVED PRE-CLOSING BUDGET") reflecting the Partners' best and good-faith estimate of all Due Diligence, Formation and Acquisition Costs that will be incurred in connection with the Partnership and Underlying Partnership's formation and the acquisition of the Properties. In the event that any Party incurs Due Diligence, Formation and Acquisition Costs in excess of that budgeted in the Original Approved Pre-Closing Budget, the written approval of the other Party shall be required before such additional amount may be included in the Closing Funding Requirement. In the event that a Party requests in writing that the other Party approve any such additional expenditure or cost and the other Party fails to disapprove of the same in writing (together with its specific written objections thereto) within five (5) business days after its receipt of such request, such expenditure or cost shall be deemed approved (but in each case only if such written request specifically advises the Party that failure to respond within such five (5) business day period will result in such deemed approval).

(d) Each of the Parties separately agrees to deposit its portion of the Escrow Closing Requirement in escrow in good funds with Escrow Agent at least one (1) business day prior to the Underlying Partnership's acquisition of the Underlying Properties. Notwithstanding the foregoing, each Party shall be permitted to deposit its portion of the Escrow Closing Requirement into a separate escrow established with such Escrow Agent, which escrow shall be solely for such Party's benefit until the closing of the acquisition of the Underlying Properties, and shall be terminable solely by such Party (provided that any such termination shall not relieve or release such Party of its obligations hereunder, if any). Concurrently with such Party's deposit of its portion of the Escrow Closing Requirement in escrow, such Party shall enter

into escrow instructions with Escrow Agent authorizing Escrow Agent to transfer such amounts into the escrow established for the purchase and sale of the Underlying Properties upon the satisfaction of all conditions precedent for the closing of such purchase and sale. Such escrow instructions shall also provide that if the closing of the purchase and sale of the Underlying Properties does not occur on or before the date set forth in SECTION 10.1(h), the escrow shall terminate and all sums held therein (together with any interest actually earned thereon) shall be immediately returned to such Party (whereupon such Party shall have no further liability or duty hereunder with respect to the making of such portion of the Escrow Closing Requirement), unless Escrow Agent receives written instructions from such Party to extend such escrow. Any interest earned on amounts placed in escrow prior to such closing shall accrue for the benefit of the Party depositing same. Each Party shall deposit into the Partnership accounts designated by the Operating Committee prior to the acquisition of the Underlying Properties such Party's share of the Initial Reserve Requirement. The Parties shall meet and shall exchange invoices and other evidence of Due Diligence, Formation and Acquisition Costs incurred by each of them or their Affiliates in connection with the purchase and sale transaction. Once the Parties have agreed upon all Due Diligence, Formation and Acquisition Costs, the Party who incurred the lesser amount of Due Diligence, Formation and Acquisition Costs shall promptly pay to the other Party an amount sufficient to reimburse such other Party for the share of Due Diligence, Formation and Acquisition Costs incurred by such other Party in excess of its combined 50% share, it being the intention of the Parties that all Due Diligence, Formation and Acquisition Costs be shared by the Parties equally.

(e) Notwithstanding anything else to the contrary contained in this Agreement, if the Purchase Agreement is terminated or the purchase and sale of the Underlying Properties fails to occur, each Party shall bear fifty percent (50%) of the aggregate Due Diligence, Formation and Acquisition Costs. If a Party has paid a disproportionate share of the aggregate Due Diligence, Formation and Acquisition Costs, the other Party shall pay to such Party the amount necessary such that each Party bears such costs in the foregoing proportions, which payment shall be made within fifteen (15) days after delivery of written notice, together with reasonably detailed supporting documentation. Each Party agrees to provide to the other Party such documentation as is reasonably necessary to substantiate such costs incurred by such Party. Nothing contained in this SECTION 2.2(e) shall limit or impair any right or remedy that a Party may have against any other Party as a result of such other Party's breach of any obligation such other Party may have under this Agreement to make its Initial Capital Contribution.

2.3 ADDITIONAL CAPITAL CONTRIBUTIONS.

(a) Additional capital contributions ("ADDITIONAL CAPITAL CONTRIBUTIONS") may be called for in accordance with this SECTION 2.3. The Executive Committee may call for Additional Capital Contributions for any reason. Additional Capital Contributions may also be called for by either Party if necessary in order to fund Cash Flow Shortfalls or Budgeted Capital Items and for no other reason without the approval of the Executive Committee. Except as otherwise provided in SUBSECTION (b) below, Additional Capital Contributions shall be made upon written demand by the requesting Party upon the other Party, or by the Executive Committee upon the Parties, as the case may be, from time to time, shall be

payable in proportion to the Percentage Interests of the Parties, and shall be contributed by the Parties within ten (10) business days of the receipt of the notice hereinbefore described, which notice shall state the amount of such Additional Capital Contribution required from each Party.

(b) Each Party agrees to make all Additional Capital Contributions required to be made in accordance with this Agreement within the ten (10) business day period described in SUBSECTION (a) above; PROVIDED THAT, any Party may, during such ten (10) business day period, request that the Partnership seek third party financing (in lieu of the Parties making Additional Capital Contributions) to satisfy the Partnership's cash need. In the event that either Party makes such request, the period of time within which the Additional Capital Contributions must be made will be extended as hereinafter provided, and the Partnership shall use its commercially reasonable efforts to secure third party financing at commercially reasonable rates to satisfy the Partnership's cash needs. If the Partnership is unable to secure any such financing on terms that are mutually acceptable to and approved by the Parties within thirty (30) days after any Party's request to fund the required amounts via third party financing, the Additional Capital Contributions shall immediately become due and payable within five (5) business days after the expiration of such thirty (30) day period. If any Party fails to make its share of the Additional Capital Contributions within the said five (5) business day period, then the terms and provisions of SUBSECTION (c) below shall apply.

(c) If a Party fails to make its share of any required Additional Capital Contributions after the Partnership has been unable to secure third party financing approved by both Parties pursuant to SUBSECTION (b) above, then such Party (the "NONCONTRIBUTING PARTY") shall be a Defaulting Party hereunder, and the other Party (a "CONTRIBUTING PARTY") who has made its share of such Additional Capital Contributions may elect to give notice to the Noncontributing Party of its default hereunder. If such Noncontributing Party cures such default within the cure period set forth in SECTION 5.14(a) hereof, it shall thereupon become a Contributing Party. If such Noncontributing Party fails to cure such default within the cure period set forth in SECTION 5.14(a) hereof, then the Contributing Party may, in its sole discretion and without limitation on its other rights and remedies under this Agreement, elect to exercise its rights under the following SUBSECTIONS (d) or (e) of this SECTION 2.3 (subject to the terms and conditions set forth in said SUBSECTIONS (d) and (e)).

(d) The Contributing Party shall have the right to withdraw all of its Additional Capital Contribution immediately after the expiration of the Noncontributing Party's cure period. Any Contributing Party that withdraws its Additional Capital Contribution in compliance with this provision shall not be deemed a Defaulting Party by reason of such withdrawal.

(e) The Contributing Party shall have the right to make a Default Loan to the Partnership pursuant to SECTION 2.4 equal to 100% of the Noncontributing Party's share of the Additional Capital Contributions that it failed to contribute.

2.4 DEFAULT LOANS.

(a) Without limitation on any other rights and remedies of the Partners, if a Noncontributing Party shall have failed to timely pay its portion of the Closing Funding Requirement as provided in SECTION 2.2 or to make any Additional Capital Contributions as required pursuant to this Agreement, and fails to cure such default after receiving notice thereof within the applicable cure period provided under SECTION 5.14(a) hereof, the Contributing Party may advance the amount of such delinquency to the Partnership and direct the Partnership to pay the party or parties (which party or parties may be a Partner (or Affiliate of a Partner) hereunder, including the Contributing Party (or an Affiliate of the Contributing Party) making such advance, if such amount is owed to such Person) to whom the same is owed. Any such advance shall be treated as a loan (a "DEFAULT LOAN") by such Contributing Party to the Partnership, payable on demand, and shall bear interest at the Base Rate plus three percent (3%) per annum (compounded monthly as of the last day of each calendar month) from the date of such loan to the date of payment in full. In addition and without limitation on the foregoing, the making of such Default Loan shall also create an obligation on the part of the Noncontributing Party to contribute to the Partnership an amount equal to the amount of the Default Loan (together with interest at the aforesaid rate) made by the Contributing Party to the Partnership. As used herein, the term "BASE RATE" shall mean the commercial loan rate of interest announced publicly from time to time by Chase Manhattan Bank in New York, New York as such bank's "prime rate", as from time to time in effect, such interest rate to change monthly as of the first day of the calendar month next succeeding the calendar month in which a change in Base Rate occurs; PROVIDED THAT, if such rate is unavailable for any reason, then the parties shall meet and agree upon a different bank's "prime rate" or "reference rate" to serve as the Base Rate hereunder.

(b) The Contributing Party shall give written notice to the Noncontributing Party of the making of any Default Loan, and the Noncontributing Party may contribute the amount of such advance (plus all accrued interest) to the Partnership at any time (and shall contribute such amount at the time prescribed by SECTION 10.2 hereof). The Partnership shall immediately pay such amounts received from the Noncontributing Party to the Contributing Party. Such payments by the Noncontributing Party to the Partnership and from the Partnership to the Contributing Party shall be applied first against accrued interest and then against the principal of the Default Loan until the repayment in full of principal and accrued interest on the Default Loan. Notwithstanding any provision to the contrary herein, at any time when a Default Loan shall be outstanding, all distributions of Net Cash Flow by the Partnership from and after the making of such Default Loan shall be made as follows: FIRST, all such distributions to which the Contributing Party would normally (i.e., but for the effect and operation of the provisions set forth in this SECTION 2.4) be entitled to receive under SECTION 3.1 shall be calculated and made to such Contributing Party; SECOND, the balance, if any, shall be paid by the Partnership directly to the Contributing Party to be applied first against interest and then against principal of the Default Loan; and THIRD, the balance, if any, shall be paid to the Noncontributing Party in respect of the amounts to which it would normally (i.e., but for the effect and operation of the provisions set forth in this SECTION 2.4) be entitled to receive under SECTION 3.1 (and to the extent such amounts, if any, paid to the Noncontributing Party are less than the amounts which the Noncontributing Party would normally be entitled to receive under SECTION 3.1, such deficiency

shall forever be forfeited by the Noncontributing Party and it shall have no right to recoup or recover the same out of future distributions hereunder). Only upon the payment in full of the principal of and all accrued interest on a Default Loan shall the Noncontributing Party's Event of Default with respect to which the Default Loan was made be deemed cured and after such cure, provided no other Event of Default of the Noncontributing Party then exists, the Noncontributing Party's rights under this Agreement shall be immediately reinstated.

(c) Upon request by the Contributing Party at any time from the date of the Contributing Party's advance pursuant to SUBSECTION (a) above until any such Default Loan shall be repaid in full by cash payment, the Noncontributing Party shall, on its own behalf and/or on behalf of the Partnership, execute any and all documents reasonably requested by the Contributing Party, including, without limitation, promissory notes or such other documentation as may be necessary to reflect and perfect the Contributing Party's rights under this SECTION 2.4 (and for such purpose the Noncontributing Party hereby appoints the Contributing Party its true and lawful attorney-in-fact with full power of substitution to execute and deliver such documents on behalf of such Noncontributing Party, which power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked by death, dissolution or otherwise).

2.5 OTHER MATTERS.

(a) Except as otherwise provided in this Agreement, no Party shall demand or receive a return of its Capital Contributions or withdraw from the Partnership without the consent of all Partners. Under circumstances requiring a return of any Capital Contributions, no Partner shall have the right to receive property other than cash except as may be specifically provided herein.

(b) No Partner shall receive any interest, salary, or draw with respect to its Capital Contributions or its Capital Account or for services rendered on behalf of the Partnership or otherwise in its capacity as Partner, except as otherwise provided in this Agreement. No Partner shall be entitled to interest on its Capital Contributions or on such Partner's Capital Account.

2.6 NO THIRD PARTY BENEFICIARY. No creditor or other third party having dealings with the Partnership shall have the right to enforce the right or obligation of any Partner to make Capital Contributions or loans or to pursue any other right or remedy hereunder or at law or in equity, it being understood and agreed that the provisions of this Agreement shall be solely for the benefit of, and may be enforced solely by, the parties hereto and their respective successors and assigns. None of the rights or obligations of the Partners herein set forth to make Capital Contributions to the Partnership shall be deemed asset of the Partnership for any purpose by any creditor or other third party, nor may such rights or obligations be sold, transferred or assigned by the Partnership or pledged or encumbered by the Partnership to secure any debt or other obligation of the Partnership or of any of the Partners. Without limiting the generality of the foregoing, a deficit capital account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

2.7 THIRD PARTY FINANCING. Except as otherwise provided herein to the contrary, the Partnership may obtain, on its own behalf, upon the approval of the Executive Committee, all additional money and funds necessary, at any time, to develop, construct, acquire and operate the Partnership Assets. No Partner or Affiliate of a Partner shall be required to guaranty or make any other financial commitment with respect to any debt or other obligation of the Partnership. The Operating Committee shall use commercially reasonable efforts to obtain, on behalf of the Partnership, all additional money and funds necessary, at any time, to conduct the business of the Partnership that cannot be funded through the resources of the Partnership.

ARTICLE 3

DISTRIBUTIONS

3.1 DISTRIBUTIONS. As soon as practicable after the approval by the Executive Committee of the quarterly statements of Net Cash Flow prepared and delivered pursuant to SECTION 4.3, the Partnership shall distribute such portion of the Net Cash Flow of the Partnership for the quarterly period covered by each such statement as the Executive Committee or Operating Committee may elect to distribute (which shall not, in any event, equal less than ninety percent (90%) of the total Funds From Operations for such quarterly period), to the Partners pro rata in accordance with their respective Percentage Interests, subject to the alternative allocations set forth in SECTION 2.4(b) in the event that a Default Loan is then outstanding. Notwithstanding the foregoing, the Executive Committee shall approve for each period a distribution sufficient to satisfy the requirements of SECTION 5.6(f) hereof.

3.2 DISTRIBUTIONS AFTER DISSOLUTION. Notwithstanding the provisions of SECTION 3.1 to the contrary, all distributions of Net Cash Flow to be made from and after the dissolution of the Partnership shall be made in accordance with the provisions of ARTICLE 10.

3.3 TIMING OF DISTRIBUTIONS AMONG PARTNERS. Except as provided in SECTION 6.3, all distributions of cash shall be distributed to the Persons who are Partners on the day such distribution is made.

ARTICLE 4

ALLOCATIONS AND OTHER TAX AND ACCOUNTING MATTERS

4.1 ALLOCATIONS. The Net Income, Net Loss and/or other Tax Items of the Partnership shall be allocated pursuant to the provisions of the Allocations Exhibit.

4.2 ACCOUNTING, BOOKS AND RECORDS. The Partnership shall maintain or cause to be maintained at its Principal Office (with full and complete copies thereof to be delivered to and maintained at the offices of the Simon DeBartolo Group at 115 West Washington Street, Indianapolis, Indiana 46204) separate books of account for the Partnership which shall show a

true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the operation of the Partnership business in accordance with generally accepted accounting principles consistently applied and, to the extent inconsistent therewith, in accordance with this Agreement. The Partnership shall use the accrual method of accounting in preparation of its annual reports and for tax purposes and shall keep its book accordingly. Each Partner shall, at its sole expense, have the right, at any time, without notice to any other Partner, to examine, copy, and audit the Partnership's books and records during normal business hours.

4.3 REPORTS.

(a) IN GENERAL. The Operating Committee shall be responsible for the preparation of financial reports of the Partnership and the coordination of financial matters of the Partnership with the Accountants.

(b) REPORTS. Within sixty (60) days after the end of each Fiscal Year and within thirty (30) days after the end of each of the first three (3) fiscal quarters, and within thirty (30) days after the end of each calendar month, the Operating Committee shall cause each Executive Committee Member to be furnished with a copy of the balance sheet of the Partnership as of the last day of the applicable period, and a statement of income or loss for the Partnership for such period. In addition, concurrently with the delivery of the quarterly and year-end financial statements referred to in the preceding sentence, the Operating Committee shall cause each Executive Committee Member to be furnished with a copy of a statement setting forth the calculation of the Net Cash Flow (if any) for such prior quarterly period, and setting forth the calculation of all amounts to be distributed to the Partners pursuant to SECTION 3.1 or SECTION 10.2, as the case may be. Annual statements shall also include a statement of the Partners' Capital Accounts and changes therein for such Fiscal Year. Annual statements shall be audited by the Accountants, and shall be in such form as shall enable the Partners to comply with all reporting requirements applicable to either of them or their Affiliates under the Securities Exchange Act of 1934, as amended. All quarterly and annual statements shall be subject to the approval of the Executive Committee, and no action shall be taken with respect thereto until such approval has been given. The Operating Committee shall also cause to be prepared such reports and/or information as are necessary for the Partners (or any Persons who directly or indirectly own interests in the Partners) to determine their qualification as a REIT and their compliance with all requirements to qualify as a REIT or as may be required by any lender of the Partnership.

4.4 TAX RETURNS; INFORMATION. The Operating Committee shall arrange for the preparation and timely filing of all income and other tax returns of the Partnership. Within ninety (90) days after the end of each Fiscal Year, the Operating Committee shall cause the Accountants to prepare the Partnership's tax returns for approval and execution by the Operating Committee. The Operating Committee shall furnish to each Partner a copy of each approved return, together with any schedules or other information which each Partner may require in connection with such Partner's own tax affairs. The Partnership shall be treated and shall file

its tax returns as a partnership for federal, state and municipal income tax and other tax purposes. Upon request of any Partner, any elections made pursuant to this Agreement under the provisions of the Code or similar provisions hereafter enacted shall be evidenced by appropriate filings with the Internal Revenue Service on behalf of the Partnership.

4.5 SPECIAL BASIS ADJUSTMENT. In connection with any Transfer of a Partnership Interest permitted under ARTICLE 6, the Operating Committee shall cause the Partnership, at the written request of the transferor or the Transferee, but only upon the approval of the General Partners, on behalf of the Partnership and at the time and in the manner provided in Regulations Section 1.754-1(b), to make an election to adjust the basis of the Partnership's property in the manner provided in Sections 734(b) and 743(b) of the Code, and the Transferee shall pay all costs incurred by the Partnership in connection therewith, including reasonable attorneys' and accountants' fees.

4.6 TAX MATTERS PARTNER. MSPE is specially authorized and appointed to act as the "Tax Matters Partner" under the Code and in any similar capacity under state or local law; PROVIDED, HOWEVER, that it shall exercise its authority in such capacity subject to all applicable terms and limitations set forth in this Agreement. Notwithstanding the foregoing, the Tax Matters Partner shall not, without the prior written approval of the other General Partner, (i) make any tax election on behalf of the Partnership, (ii) take any action with respect to any federal, state or local contest of any partnership item (as defined in Section 6231(a)(7) of the Code (or any successor thereto) (and comparable provisions of state and local income tax laws) of the Partnership, or (iii) take any action with respect to any audit of any federal, state or local income tax return or income tax report filed by or on behalf of the Partnership.

ARTICLE 5

MANAGEMENT

5.1 EXECUTIVE COMMITTEE. The Partnership shall at all times have an executive committee (the "EXECUTIVE COMMITTEE") composed of two individuals (the "EXECUTIVE COMMITTEE MEMBERS") who shall vote on Major Decisions and oversee the performance of the Operating Committee.

(a) MEMBERSHIP AND VOTING.

(i) MEMBERSHIP. The Executive Committee will consist of two (2) Executive Committee Members, with one (1) Executive Committee Member appointed by each General Partner. Concurrently with the execution and delivery of this Agreement, the General Partners have notified one another in writing of their respective initial appointed Executive Committee Member. Each General Partner may, at any time, appoint an alternate Executive Committee Member by prior written notice to the other General Partner's appointed Executive Committee Member and such alternates will have all the powers, authority and duties of a regular Executive Committee Member in the absence

or inability of a regular Executive Committee Member to serve. In no event, however, shall the other Executive Committee Member be under any obligation to make inquiries as to, or verify or confirm, any such absence or inability to serve of a regular Executive Committee Member, it being understood and agreed that the Executive Committee Members shall be entitled to rely upon and accept an alternate Executive Committee Member's assertion of the absence or inability to serve of the regular Executive Committee Member in question. Each General Partner shall cause its appointed Executive Committee Member and alternate Executive Committee Member to comply with the terms of this Agreement. Each General Partner will have the power to remove its Executive Committee Member or alternate Executive Committee Member appointed by it by written notice to the other General Partner's Executive Committee Member. Vacancies on the Executive Committee will be filled by appointment by the General Partner that appointed the Executive Committee Member previously holding the position that is then vacant. The General Partners may mutually agree to increase or decrease the size of the Executive Committee proportionately, from time to time. Notices to an Executive Committee Member shall be delivered to such Person's attention at the address set forth in SECTION 2.1 for the General Partner that appointed such Executive Committee Member, and in the manner prescribed in SECTION 11.1. No appointment or removal by a General Partner of an Executive Committee Member or alternate Executive Committee Member shall be effective until written notice of such action is received or deemed received pursuant to SECTION 11.1 by the Executive Committee Member of the other General Partner. Each General Partner, its Limited Partner affiliate, and its respective Executive Committee Member and alternate Executive Committee Member, when dealing with the other General Partner's respective Executive Committee Member and alternate Executive Committee Member, (i) shall be entitled to rely upon and accept the written act, approval, consent or vote of each of such other General Partner's then-appointed Executive Committee Member and alternate Executive Committee Member, and (ii) shall be under no obligation to make any inquiries in order to verify or confirm any of such written acts, approvals, consents or votes.

(ii) VOTING. Each Executive Committee Member shall have one vote on any decision of the Executive Committee. An Executive Committee Member may give a written proxy to another Executive Committee Member to vote on such Executive Committee Member's behalf in such Executive Committee Member's absence. Except as expressly provided to the contrary in this Agreement, all actions, decisions, capital calls, determinations, waivers, approvals and consents to be taken or given by the Executive Committee must be unanimously approved by the Executive Committee Members (whether or not present at the meeting at which such vote occurs).

(b) MEETINGS OF THE EXECUTIVE COMMITTEE; TIME AND PLACE. Unless otherwise agreed by the Executive Committee, regular meetings of the Executive Committee shall be held no less often than quarterly at such time and at such place as the Executive Committee shall determine. At such regular meetings, the Operating Committee shall report on the financial performance and condition of the Partnership on a year-to-date basis (including cash flows, reserves, outstanding loans, and compliance efforts), progress on capital projects, material

contracts entered into, material litigation, marketing and leasing efforts, deviations from any Budget and such other matters relevant to the management and operation of the Partnership and the Properties. Special meetings of the Executive Committee shall be held on the call of any Executive Committee Member; provided that at least three (3) business days' notice is given to all Executive Committee Members (unless written waiver of this requirement by all Executive Committee Members is obtained). A quorum for any Executive Committee meeting shall consist of not less than two (2) Executive Committee Members (one appointed by each General Partner) present either in person or by proxy. The Executive Committee may make use of telephones and other electronic devices to hold meetings; provided that the Executive Committee Members participating in such meeting can hear one another. The Executive Committee may act without a meeting if the action taken is reduced to writing and approved by the Executive Committee in accordance with the other voting provisions of this Agreement. Written minutes shall be taken at each meeting of the Executive Committee. However, any action taken or matter agreed upon by the Executive Committee shall be deemed final, whether or not written minutes are ever prepared or finalized.

(c) MAJOR DECISIONS. No action shall be taken, no sum shall be expended and no obligation shall be incurred by the Operating Committee or any property manager with respect to any matter affecting the Partnership which is within the scope of a Major Decision unless such Major Decision shall have been approved by the Executive Committee in advance in writing. A "MAJOR DECISION" shall mean any decision:

(i) to sell, assign, transfer, exchange, grant easements over, or otherwise convey or dispose of, any of the Partnership Properties, or any portion thereof or any material interest therein, or to lease or license the Partnership's entire interest in any of the Partnership Properties;

(ii) to acquire any Partnership Property or any option or interest therein, and to appoint a property manager with respect to each such Partnership Property;

(iii) to approve or make any change to any Budget or marketing plan for the Partnership or any of the Partnership Properties;

(iv) to amend this Agreement;

(v) to borrow money or to apply for, execute, grant or modify any mortgage, pledge, deed of trust, financing statement, encumbrance or other hypothecation or security agreement affecting the Partnership Assets or any portion thereof or any interest therein, except as otherwise may be provided in an approved Budget;

(vi) to approve proposals submitted to, or agreements entered into, or to authorize or give any consent with respect to any matter relating to zoning, rezoning variances, compliance with environmental laws, subdivision, modification of

development rights or other land use matters which affect the Partnership or any of the Partnership Properties;

(vii) to select and retain the Accountants;

(viii) to approve the Partnership's tax returns, or to make proposals to or to conduct any actions, litigation or other activities with federal or state taxing authorities;

(ix) to change or permit to be changed in any substantial way the accounting process and procedures employed in keeping the books of account or preparing financial statements with respect to the operation or management of the Partnership pursuant to this Agreement;

(x) to compromise or settle any claim for insurance proceeds, or any claim for payment of awards or damages arising out of the exercise of eminent domain by any public or governmental authority;

(xi) to make, execute or deliver on behalf of the Partnership any assignment for the benefit of creditors;

(xii) to dissolve, terminate or liquidate the Partnership, or to petition a court for the dissolution, termination or liquidation of the Partnership, except in accordance with this Agreement;

(xiii) to cause the Partnership, or any of the Partnership Properties to be subject to the authority of any trustee, custodian or receiver or to be subject to any proceeding for bankruptcy, insolvency, reorganization, arrangement, readjustment of debt, relief of debtors, or similar proceedings;

(xiv) to obligate the Partnership as a surety, guarantor, indemnitor or accommodation party to any obligation;

(xv) to enter into, terminate, accept the surrender of, modify, amend, supplement, or give any material approval, consent or waiver on behalf of the Partnership under the Purchase Agreement or any of the loan documents relating to the Existing Financing; or

(xvi) to take any other action or decision that this Agreement provides may only be taken or made by the Executive Committee.

5.2 NO INDIVIDUAL AUTHORITY. Except as otherwise expressly provided in this Agreement, no Partner, acting alone, shall have any authority to act for, or undertake or assume any obligation or responsibility on behalf of, any other Partner or the Partnership.

5.3 OPERATING COMMITTEE. Unless otherwise agreed to by the General Partners, the management of the Partnership, subject to the restrictions on its authority set forth in SECTION 5.1, shall be vested in the operating committee (the "OPERATING COMMITTEE"). The Operating Committee shall be composed of two individuals (the "OPERATING COMMITTEE MEMBERS") who shall vote on all management issues relating to the business and operations of the Partnership.

(a) MEMBERSHIP AND VOTING.

(i) MEMBERSHIP. The Operating Committee will consist of two (2) Operating Committee Members, with one (1) Operating Committee Member appointed by each General Partner. Concurrently with the execution and delivery of this Agreement, the General Partners have notified one another in writing of their respective initial appointed Operating Committee Member. Each General Partner may, at any time, appoint one of its employees as an alternate Operating Committee Member by prior written notice to the other General Partner's appointed Operating Committee Member and such alternates will have all the powers, authority and duties of a regular Operating Committee Member in the absence or inability of a regular Operating Committee Member to serve. In no event, however, shall the other Operating Committee Member be under any obligation to make inquiries as to, or verify or confirm, any such absence or inability to serve of a regular Operating Committee Member, it being understood and agreed that the Operating Committee Members shall be entitled to rely upon and accept an alternate Operating Committee Member's assertion of the absence or inability to serve of the regular Operating Committee Member in question. Each General Partner shall cause its appointed Operating Committee Member and alternate Operating Committee Member to comply with the terms of this Agreement. Each General Partner will have the power to remove its Operating Committee Member or alternate Operating Committee Member appointed by it by written notice to the other General Partner's Operating Committee Member. Vacancies on the Operating Committee will be filled by appointment by the General Partner that appointed the Operating Committee Member previously holding the position that is then vacant. The General Partners may mutually agree to increase or decrease the size of the Operating Committee proportionately, from time to time. Notices to an Operating Committee Member shall be delivered to such Person's attention at the address set forth in SECTION 2.1 for the General Partner that appointed such Operating Committee Member, and in the manner prescribed in SECTION 11.1. No appointment or removal by a General Partner of an Operating Committee Member or alternate Operating Committee Member shall be effective until written notice of such action is received or deemed received pursuant to SECTION 11.1 by the Operating Committee Member of the other General Partner. Each General Partner, its Limited Partner affiliate, and its respective Operating Committee Member and alternate Operating Committee Member, when dealing with the other General Partner's respective Operating Committee Member and alternate Operating Committee Member, (i) shall be entitled to rely upon and accept the written act, approval, consent or vote of each of such other General Partner's then-appointed Operating Committee Member and alternate Operating Committee Member, and (ii) shall

be under no obligation to make any inquiries in order to verify or confirm any of such written acts, approvals, consents or votes.

(ii) VOTING. Each Operating Committee Member shall have one vote on any decision of the Operating Committee. An Operating Committee Member may give a written proxy to another Operating Committee Member or any Partner's employee to vote on such Operating Committee Member's behalf in such Operating Committee Member's absence. Except as expressly provided to the contrary in this Agreement, all actions, decisions, capital calls, determinations, waivers, approvals and consents to be taken or given by the Operating Committee must be unanimously approved by the Operating Committee Members (whether or not present at the meeting at which such vote occurs).

(b) REPORTS AND MEETINGS OF THE OPERATING COMMITTEE; TIME AND PLACE. The Operating Committee shall report to the Executive Committee on activities undertaken by the Operating Committee, as required by the Executive Committee and this Agreement. Unless otherwise agreed by the Operating Committee, regular meetings of the Operating Committee shall be held monthly at such time and at such place as the Operating Committee shall determine. Special meetings of the Operating Committee shall be held on the call of any Operating Committee Member; provided that at least three (3) business days' notice is given to all Operating Committee Members (unless written waiver of this requirement by all Operating Committee Members is obtained). A quorum for any Operating Committee meeting shall consist of not less than two (2) Operating Committee Members (one appointed by each General Partner) present either in person or by proxy. The Operating Committee may make use of telephones and other electronic devices to hold meetings; provided that the Operating Committee Members participating in such meeting can hear one another. The Operating Committee may act without a meeting if the action taken is reduced to writing and approved by the Operating Committee in accordance with the other voting provisions of this Agreement. Written minutes shall be taken at each meeting of the Operating Committee. However, any action taken or matter agreed upon by the Operating Committee shall be deemed final, whether or not written minutes are ever prepared or finalized. Operating Committee meetings may be attended by persons other than the Operating Committee Members (including other employees of the Partners and their Affiliates).

(c) DUTIES OF THE OPERATING COMMITTEE. The Operating Committee shall be generally responsible for overseeing and managing the day-to-day business, operations and affairs of the Partnership and carrying out the duties delegated to it by the Executive Committee, and shall have fiduciary responsibility for the safekeeping and use of all funds and assets of the Partnership, whether or not in its immediate possession or control. The Operating Committee may, in carrying out its duties, defend against lawsuits or other judicial or administrative proceedings brought against the Partnership, provided that it promptly notifies the Executive Committee of such action. The funds of the Partnership shall not be commingled with the funds of any other Person, and the Operating Committee shall not employ, or permit any other Person to employ, such funds in any manner except for the benefit of the Partnership. The bank accounts of the Partnership shall be maintained in such banking institutions as are approved

by the Operating Committee and withdrawals shall be made only in the regular course of Partnership business and as otherwise authorized in this Agreement on such signature or signatures as the Operating Committee may determine. The Operating Committee shall also have the duties imposed upon it elsewhere in this Agreement. The Operating Committee shall devote sufficient time, effort and managerial resources to the business of the Partnership as is reasonably required to fulfill its obligations hereunder.

5.4 WARRANTED RELIANCE BY EXECUTIVE COMMITTEE MEMBERS AND OPERATING COMMITTEE MEMBERS ON OTHERS. In exercising their authority and performing their duties under this Agreement, the Executive Committee Members and the Operating Committee Members shall be entitled to rely on information, opinions, reports, or statements of the following persons or groups unless they have actual knowledge concerning the matter in question that would cause such reliance to be unwarranted:

(a) one or more agents of the Partnership whom the Executive Committee Member or Operating Committee Member, as the case may be, reasonably believes to be reliable and competent in the matters presented; and

(b) any attorney, public accountant, or other person as to matters which the Executive Committee Member or Operating Committee Member, as the case may be, reasonably believes to be within such person's professional or expert competence.

5.5 INTENTIONALLY OMITTED.

5.6 REIT STATUS. The Partners hereby acknowledge that Macerich and SDG (and/or certain Persons directly or indirectly owning interests in Macerich or SDG) are and intend to qualify at all times as a REIT, and that each such Partner's or other Person's ability to qualify as such will depend principally upon the nature of the Partnership's operations. Accordingly, the Partnership's operations shall be conducted at all times in a manner that will enable each of Macerich, SDG and each Person owning, directly or indirectly, interests in either Macerich or SDG to satisfy all requirements for REIT status under Sections 856 through 860 of the Code and the regulations promulgated thereunder to the extent possible. In furtherance of the foregoing (and not in limitation thereof), notwithstanding any other provision herein to the contrary, the Partnership shall conduct its operations in accordance with the following provisions at all times:

(a) The Partnership shall not render any services to any lessee or sublessee or any customer thereof, either directly or through an "independent contractor" within the meaning of Section 856(d)(3) of the Code, if the rendering of such services shall cause all or any part of the rents received by the Partnership to fail to qualify as "rents from real property" within the meaning of Section 856(d) of the Code;

(b) The Partnership shall not own, directly or indirectly (taking into account the attribution rules referred to in Section 856(d)(5) of the Code), in the aggregate 10% or more of the total number of shares of all classes of stock, 10% or more of the voting power

of all classes of voting stock or 10% or more of the assets or net profits of any lessee or sublessee of all or any part of any of the Properties or any Partnership Property;

(c) No lease or sublease of any space at the Properties shall provide for any rent based in whole or in part on the "income or profits" within the meaning of Section 856(d)(2)(A) of the Code derived by any lessee or sublessee;

(d) The Partnership shall not own more than 10% of the outstanding voting securities of any one issuer (as determined for purposes of Section 856(c)(5)(B) of the Code);

(e) Neither the Partnership nor any Partner shall take any action (or fail to take any action permitted under this Agreement) that would otherwise cause the Partnership's and Underlying Partnership's gross income to consist of more than one percent (1%) of income not described in Section 856(c)(2) of the Code or more than ten percent (10%) of income not described in Section 856(c)(3) of the Code, or cause any significant part of the Partnership Assets to consist of assets other than "real estate assets" within the meaning of Section 856(c)(6)(B) of the Code;

(f) The Partnership shall distribute to the Partners during each Fiscal Year an amount of cash such that the portion so distributed will equal or exceed 100% of the amount of Partnership taxable income, if any, to be allocated to the Partners with respect to such Fiscal Year distributed at the times required to prevent the imposition of an excise tax under Section 4981 of the Code; PROVIDED, HOWEVER, that if each such Partner's distributable share of any Net Cash Flow of the Partnership and its distributable share of any funds maintained in the Partnership reserves are insufficient to meet the aforesaid distribution requirement with respect to such Partner, then the Partnership shall have satisfied the foregoing distribution requirement with respect to such Partner upon distributing to it such distributable share of Net Cash Flow and funds maintained in the Partnership reserves. In no event shall the Partnership be required to borrow funds, or any Partner be required to contribute funds to the Partnership, in order to permit the Partnership to satisfy the foregoing distribution requirement. In no event shall the foregoing provisions of this SUBSECTION (f) adversely affect the allocation of, and Percentage Interest in, Net Cash Flow of any other Partner.

(g) The Partnership shall not engage in any "prohibited transactions" within the meaning of Section 857(b)(6)(B)(iii) of the Code.

The Partners hereby acknowledge that the foregoing are the current guidelines applicable to the qualification of REITs. If and to the extent that any of the requirements to qualify for REIT status shall be changed, altered, modified or added to, then such changes, alterations, modifications or additions, as applicable, shall be deemed incorporated herein, and this SECTION 5.6 shall be deemed to be amended and modified as necessary to incorporate such changed, altered, modified or added REIT requirements.

5.7 BUDGETS.

(a) PREPARATION AND APPROVAL. As soon as reasonably possible hereafter, the Operating Committee shall prepare (or cause to be prepared) and submit to the Executive Committee for approval an interim operating budget (each an "INTERIM OPERATING BUDGET") for the management, leasing and operation of each Partnership Property through the end of Fiscal Year 1998. At least forty-five (45) days prior to the beginning of each Fiscal Year, the Operating Committee shall prepare and submit to the Executive Committee for approval a proposed budget (each an "ANNUAL BUDGET") for the management, leasing and operation of each Partnership Property for the next Fiscal Year. The Interim Operating Budgets and Annual Operating Budgets shall sometimes hereinafter be collectively referred to individually as a "BUDGET" and collectively as the "BUDGETS". The Executive Committee may approve or disapprove the entire Budget or certain cost items or categories of each Budget. If the Executive Committee disapproves any Budget or any cost item or category thereof, the Operating Committee shall meet within five (5) business days after the Executive Committee's disapproval and seek in good faith to agree upon an acceptable revision to such disapproved Budget(s) or cost item or category, as the case may be. Once revised, each such disapproved Budget shall be resubmitted to the Executive Committee for approval and such process shall continue until the Executive Committee has approved a Budget for each Partnership Property for the Fiscal Year in question. Such Budgets will be prepared by the Operating Committee and approved by the Executive Committee in good faith based upon estimates taking into account the most recent information then available to the Operating Committee. The Operating Committee shall update each Budget no less frequently than quarterly, and shall promptly submit any proposed revisions to such Budgets resulting from such updates to the Executive Committee for approval in the manner provided above for approval of the original Budgets.

(b) OPERATIONS. The approved Budget for each Partnership Property shall be submitted to the property manager for such Partnership Property for implementation. The Operating Committee and property managers shall manage and operate each Property and each Partnership Property consistent with the approved Budget therefor (as may be updated from time to time in accordance with SUBSECTION (a) above). If the Executive Committee has not approved a Budget or any cost item or category of any Budget prior to the beginning of the next Fiscal Year, the Operating Committee shall substitute the Budget or the actual cost of such disapproved item or category incurred by the Partnership during the preceding Fiscal Year, if any; PROVIDED THAT, if any such item or category of expense is in the nature of utility expenses, personal or real property taxes, insurance expenses to be incurred in accordance with SECTION 5.8 hereof, debt service due and payable under any loan of the Partnership, or any payments that the Partnership is required to make by law, then the Operating Committee shall substitute the reasonably anticipated costs of such items or categories of expense (based on the previous year's bills therefor, if available).

5.8 INSURANCE.

(a) COVERAGE. The Operating Committee shall procure and maintain, or cause to be procured and maintained, insurance sufficient to enable the Partnership to comply with applicable laws, regulations, and contractual requirements (including the requirements of Persons providing financing to the Partnership), including as a minimum, the following:

(i) Comprehensive general liability insurance covering each Partnership Property in the amounts and upon terms customary for businesses and assets comparable to such Partnership Property, and otherwise satisfactory to the Executive Committee;

(ii) With respect to completed improvements, fire and extended coverage insurance, and, whenever construction of any improvement is taking place, builders' risk insurance, in each case, on a replacement cost basis of not less than one hundred percent (100%) of the full replacement cost of such improvements;

(iii) Worker's compensation insurance as required by law including employer's liability;

(iv) Fidelity insurance in an amount to protect against losses due to employee dishonesty, theft by any other Partnership contractor, and mysterious disappearances; and

(v) Such additional insurance against other risks of loss to the Partnership Properties as, from time to time, may be required by any lender making a loan to the Partnership or which may be required by law.

The Operating Committee shall furnish the Executive Committee, no less frequently than annually, a schedule of such insurance and copies of certificates evidencing the same. The Executive Committee must consent to the establishment or modification of any self insurance or deductibles which exposes the Partnership to uninsured liability. Each Partner shall be named as an additional insured to the Partnership's comprehensive general liability insurance policies.

5.9 UNANIMOUS CONSENT. Notwithstanding anything to the contrary in this Agreement, the Partnership may take any action contemplated under this Agreement if approved by the unanimous consent of the General Partners.

5.10 INDEMNIFICATION.

(a) The Partnership shall, to the fullest extent permitted by law, indemnify any and all Indemnitees from and against any and all losses, claims, damages, liabilities, costs and expenses (including attorneys' fees and costs), judgments, fines, settlements, and other amounts arising from any and all claims, demands, actions, suits or proceedings, civil,

criminal, administrative or investigative, that relate to the operations of the Partnership as set forth in this Agreement in which any Indemnitee may be involved, or is threatened to be involved, as a party or otherwise, unless it is established that: (i) the act or omission of the Indemnitee was material to the matter giving rise to the claim, demand, action, suit or proceeding and either was committed in bad faith or was the result of active and deliberate dishonesty; (ii) the Indemnitee actually received an improper personal benefit in money, property or services; or (iii) in the case of any criminal proceeding, the Indemnitee had reasonable cause to believe that the act or omission was unlawful. Any indemnification pursuant to this SECTION 5.10 shall be made only out of Partnership Assets, and no Partner shall be required to contribute or advance funds to the Partnership to enable the Partnership to satisfy its obligations under this SECTION 5.10.

(b) Reasonable expenses incurred by an Indemnitee who is a party to a proceeding shall be paid or reimbursed by the Partnership in advance of the final disposition of the proceeding upon receipt by the Partnership of (i) a written affirmation by the Indemnitee of the Indemnitee's good faith belief that it is entitled to indemnification by the Partnership pursuant to this SECTION 5.10(b) with respect to such expenses and proceeding, and (ii) a written undertaking by or on behalf of the Indemnitee, to and in favor of the Partnership, wherein the Indemnitee agrees to repay the amount if it shall ultimately be adjudged not to have been entitled to indemnification under this SECTION 5.10.

(c) The indemnification provided by this SECTION 5.10 shall be in addition to any other rights to which an Indemnitee or any other Person may be entitled under any agreement, as a matter of law or otherwise.

(d) The Partnership may purchase and maintain insurance, on behalf of the Indemnitees and such other Persons as the Partners shall mutually determine, against any liability that may be asserted against or expenses that may be incurred by such Person in connection with the Partnership's activities, regardless of whether the Partnership would have the obligation to indemnify such Person against such liability under the provisions of this Agreement.

(e) The provisions of this SECTION 5.10 are for the benefit of the Indemnitees, their heirs, successors, assigns and administrators and shall not be deemed to create any rights for the benefit of any other Persons.

5.11 COMPENSATION AND REIMBURSEMENT. The Partnership shall not pay a Partner or an Affiliate of a Partner any fees or other compensation except as set forth in this Agreement or except as otherwise agreed by the Executive Committee. The Partnership will reimburse a Partner and its Affiliates for all reasonable actual out-of-pocket third party expenses incurred in connection with the carrying out of the duties set forth in this Agreement imposed upon such Partner or its Affiliates, provided such expenses are approved by the Executive Committee or are reflected in a Budget that has been approved by the Executive Committee, in each case upon the presentation of reasonable supporting documentation of the amount and purpose of such expenses.

5.12 NO EMPLOYEES. The Partnership shall not have employees. Each Partner shall be solely responsible for all wages, benefits, insurance and payroll taxes with respect to any of its respective Executive Committee Members, Operating Committee Members or other employees.

5.13 PERSONAL SERVICES CONTRACT. The Partners acknowledge and agree that except for their respective economic interests in the Partnership, each Partner's respective rights, powers and privileges as a Partner hereunder shall be deemed to be in respect of a personal services contract, and not an executory contract, under the United States Bankruptcy Code and any state insolvency or bankruptcy laws. Without limitation on the foregoing, each Partner confirms and agrees that one of the major factors that caused the Partners to form this Partnership and to enter into this Agreement was the personal trust and confidence each Partner reposed in the personal services, management skills and business experience of the other Partner. The Partners do not desire to, and agree that they shall not be required to, accept the exercise of management or control rights (including rights to give approvals or consents under this Agreement) by any party other than a Partner. Accordingly, in the event of a Bankruptcy of a General Partner or the withdrawal of a General Partner, such General Partner's Operating Committee Members and Executive Committee Members shall immediately be terminated and deemed removed from the Operating Committee and Executive Committee, respectively, and such General Partner shall have no right whatsoever to participate in the management or control of the Partnership; PROVIDED, HOWEVER, that such General Partner shall be entitled to all of the rights and benefits of an assignee of a partnership interest under the Act.

5.14 Defaults and Remedies.

(a) EVENTS OF DEFAULT. The occurrence of any of the following events by or with respect to a Partner of one Party or such Party (the "DEFAULTING PARTY"; and the other Party shall be referred to herein as a "NON-DEFAULTING PARTY," provided that neither a Partner of the other Party nor the other Party itself is already a Defaulting Party) shall be a default hereunder and if not cured within the applicable notice and cure period provided below, if any, such default shall constitute an "EVENT OF DEFAULT" hereunder:

(i) The failure of a Partner or Party to make any payment as required by this Agreement that is not cured within five (5) business days of written notice to such Partner or Party;

(ii) The failure of a Partner or Party to perform any of its other obligations under this Agreement or the breach by a Partner or Party of any of the terms of this Agreement, and a continuation of such failure or breach for more than thirty (30) days after notice by a Non-defaulting Party to the Defaulting Partner that such Defaulting Party has failed to perform any of its obligations under, or has breached, this Agreement; provided that if such failure or breach is of the nature that it can be cured but cannot reasonably be cured within such thirty (30) day period, such period shall be extended for up to an additional sixty (60) days so long as the Defaulting Party in good faith commences all reasonable curative efforts within ten (10) days of its receipt of such notice

from the Non-defaulting Party and diligently and expeditiously continues its curative efforts to completion; or

(iii) The occurrence of a Bankruptcy with respect to a Partner or the withdrawal by a Partner.

(b) REMEDIES. Upon the occurrence of any Event of Default, the Non-defaulting Party may elect to do one or more of the following:

(i) Exercise its rights under SECTION 5.14(c);

(ii) Dissolve the Partnership and commence to liquidate its assets as provided in ARTICLE 10;

(iii) Enforce any covenant by the Defaulting Party to advance money or to take or forbear from any other action hereunder; or

(iv) Pursue any other remedy permitted by this Agreement or at law or in equity.

(c) CHANGE OF GOVERNANCE OF PARTNERSHIP. In addition to any other rights or remedies which a Non-defaulting Party may have under this Agreement or under applicable laws with respect to an Event of Default, a Non-defaulting Party shall have the option to exercise the rights set forth below in this SECTION 5.14(c) in the event of the occurrence of any Event of Default. Upon the occurrence of an Event of Default, the General Partner of the Non-defaulting Party may elect, by giving written notice to the Defaulting Party, to assume the role of the "CONTROLLING PARTY" of the Partnership, and shall remain as such unless and until (i) the Partners otherwise agree, (ii) such Controlling Party is removed as such pursuant to the foregoing provisions of this SECTION 5.14(c) by reason of its having become a Defaulting Party, or (iii) such Event of Default is cured. During the period of time that an Event of Default has occurred and is continuing, the General Partner of the Controlling Party shall have the authority to take exclusive charge and control of the Partnership free and clear of any and all restrictions (including any and all restrictions set forth in this ARTICLE 5 and any and all consent, voting or approval rights granted the Executive Committee, Operating Committee or any Partner, other than that of the Controlling Party) imposed by this Agreement, and the Defaulting Party's right to, acting alone, make certain decisions and take certain actions with respect to matters concerning the Partnership's management agreements with the Non-defaulting Party (or its Affiliates) as provided in SECTION 5.5 shall be suspended and the General Partner of the Controlling Party shall make all such decisions and take all such actions thereunder. The General Partner of the Controlling Party shall have the right to amend any fictitious business name statement, certificate of partnership, or any similar document to reflect such election and to provide that it is the sole Partner authorized to bind the Partnership, and to file or record any such amended documents and change the Partnership's Principal Office, and each Partner hereby grants to the General Partner of the Controlling Party its irrevocable power of attorney to do the same, which power of attorney shall be deemed to be a power coupled with an interest which may not be revoked until

the termination and winding up of the Partnership. The provisions of this SECTION 5.14(c) shall take precedence over any provision to the contrary set forth in this Agreement.

(d) REMEDIES NOT eXCLUSIVE. No remedy conferred upon the Partnership or any Partner in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but rather each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law, in equity or by statute.

ARTICLE 6

Transfers of Interests

6.1 RESTRICTIONS ON TRANSFERS.

(a) Except as permitted in SECTION 6.1(b) or otherwise expressly permitted or required by this Agreement, no Partner shall Transfer all or any portion of its Partnership Interest, and no partner or other controlling entity or Person of a Partner shall directly or indirectly Transfer its ownership interest in such Partner or take any action which would have such an effect, without the unanimous prior written consent of the Partners, which consent may be withheld by a Partner in its sole and absolute discretion. Any Transfer or attempted Transfer by any Partner in violation of the preceding sentence shall be null and void and of no force or effect whatsoever. Each Partner hereby acknowledges the reasonableness of the restrictions on Transfer imposed by this Agreement in view of the Partnership purposes and the relationship of the Partners and the Partnership. Accordingly, the restrictions on Transfer contained herein shall be specifically enforceable. Each Partner hereby further agrees to hold the Partnership and each Partner wholly and completely harmless from any cost, liability, or damage (including liabilities for income taxes and costs of enforcing this indemnity) incurred by any of such indemnified Persons as a result of a Transfer or an attempted Transfer in violation of this Agreement.

(b) Notwithstanding anything to the contrary contained herein, the following Transfers shall be permitted under this Agreement without any consent being required from any Partner ("PERMITTED TRANSFERS"):

(i) Any Transfer of the entire Partnership Interest to an Affiliate of the respective Operating Partnership of the Partner, provided that the applicable Operating Partnership has a direct or indirect legal or beneficial ownership interest entitled to receive at least 25% of the dividends, distributions or other cash proceeds of such Affiliate;

(ii) Any transaction involving (1) the Transfer, issuance or redemption of stock or other equity securities of any direct or indirect corporate partner of a Partner, whether or not such Transfer, issuance or redemption occurs on any public stock exchange, (2) the Transfer, issuance or redemption of any partnership units in the

respective Operating Partnership of the Partner, or (3) the direct or indirect Transfer, issuance or redemption of limited partnership interests in any Partner; PROVIDED THAT following any such transaction referred to in (1) - (3) of this SUBSECTION (ii), the entire Partnership Interest is owned by an Affiliate of the applicable Operating Partnership and the applicable Operating Partnership continues to have a direct or indirect legal or beneficial ownership interest entitled to receive at least 25% of the dividends, distributions or other cash proceeds of such Affiliate.

6.2 TRANSFEREE REQUIREMENTS. In no event may any Partner Transfer its Partnership Interest pursuant to the provisions of this ARTICLE 6 or otherwise (i) to any person who lacks the legal right, power or capacity to own a Partnership Interest; (ii) in violation of any provision of any mortgage or deed of trust (or note or bond secured thereby) constituting a lien against any Partnership Property or any part thereof, or of any other instrument, document or agreement to which the Partnership is a party or otherwise bound; (iii) in violation of applicable law; (iv) in the event such Transfer or issuance would cause any Partner who is a REIT (or any Person who, directly or indirectly, owns an interest in any Partner who is a REIT) to cease to comply with the requirements necessary to achieve REIT status; (v) if such Transfer would cause a termination of the Partnership for federal income tax purposes or would cause a constructive distribution to any Partner or to any partner of the Underlying Partnership under Section 752 of the Code; (vi) if such Transfer would, in the opinion of counsel to the Partnership, cause the Partnership to cease to be classified as a partnership for federal income tax purposes; (vii) if such Transfer would cause the Partnership to become, with respect to any employee benefit plan subject to Title 1 of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); or (xiii) if such Transfer would, in the opinion of counsel to the Partnership, cause any portion of the Partnership Properties to constitute assets of any employee benefit plan pursuant to the Department of Labor Regulations Section 2510.2-101. As used in this Agreement, the term "TRANSFEREE" shall mean any approved Transferee pursuant to ARTICLE 6 hereof.

6.3 PARTNERSHIP INTEREST LOANS.

(a) GENERAL LOAN PROVISIONS. Each Partner shall have the right to pledge its entire Partnership Interest, and the proceeds thereof as security for a loan or loans (or a guaranty of a loan or loans to its partner or other controlling Entity or Person) under a credit facility and all other obligations under the related loan documents (collectively, a "PARTNERSHIP INTEREST LOAN OBLIGATIONS") and to obtain such loan or loans secured by its Partnership Interest and the proceeds thereof (all loans under a single credit facility being, collectively, a "PARTNERSHIP INTEREST LOAN") at any time during the term of this Agreement upon the following terms and conditions:

(i) there shall never be more than one Partnership Interest Loan with respect to each Partner's Partnership Interest outstanding at any time;

(ii) the Partnership Interest Loan Obligations may be secured by the Partner's Partnership Interest and the proceeds thereof but shall not be secured by or in any way collateralized by any of the Properties;

(iii) the Partnership Interest Loan shall be prepayable in full at any time, subject to customary notice and prepayment penalties;

(iv) the Partner obtaining or guaranteeing any such Partnership Interest Loan shall pay each other Partner's reasonable attorneys' fees incurred in connection with the review of the loan documents for each such Partnership Interest Loan with respect to the compliance of such loan documents with the conditions set forth in this SECTION 6.3;

(v) At the time such Partnership Interest Loan is incurred, no default or Event of Default by or with respect to the Partner obtaining the Partnership Interest Loan shall have occurred and be continuing under this Agreement;

(vi) The lender or lenders under each such Partnership Interest Loan shall be a bank, or other institutional lender, provided that in the case of a Partnership Interest Loan made by more than one lender (or in which there are one or more participants), the Partners and the Partnership shall be entitled to deal only with an agent or other representative for all such lenders (and their participants, if any, or, in the case of a Partnership Interest Loan held by a single lender in which there are one or more participants, shall be entitled to deal only with such lender) in connection with such Partnership Interest Loan and any notice given to such representative (or lender) shall be deemed notice to all lenders and participants, and any consent or approval by such representative (or lender) shall be deemed given by all lenders and participants);

(vii) The other Partners shall be reasonably satisfied that any loan by a Partner will not result in any adverse tax consequences to such Partners or the Partnership;

(viii) Any loan must be an arm's length "bridge" or other financing on terms customary for financings of that type or otherwise reasonably acceptable to the other Partners;

(ix) (a) The loan documents for each such Partnership Interest Loan shall not include terms or conditions which unreasonably (taking into account what is then customary in loan documents for similar loans with similar lenders) and adversely impact the Partnership's, the Underlying Partnership's, the Partners' or any property manager's ability to operate, manage or lease any Property or any Partnership Property; and (b) the loan documents for each such loan shall not include terms or conditions that grant the lender approval or consent rights with respect to the operation, management or leasing of any Property or any Partnership Property except, in the case of CLAUSES (a) and

(b) immediately above, as approved by the other Partners, which approval shall not be unreasonably withheld;

(x) The loan shall not include any participation, contingent interest or equity conversion features (provided that the foregoing limitations shall not preclude the calculation or payment of any prepayment penalty based upon a yield maintenance or similar formula); interest on the loan shall be payable on a basis no less frequently than monthly (or, in the case of LIBOR loans, at the end of the interest period applicable thereto, but not less frequently than every three months);

(xi) A Partnership Interest Loan shall not cause a default under any agreement to which the Partnership or the Partner incurring or guaranteeing such Partnership Interest Loan (the "PLEDGING PARTNER") is a party or bound and the Pledging Partner shall have obtained all third party consents to such loan required to be obtained by it;

(xii) The loan documents shall provide that the lender or lenders (or such representative) will not exercise remedies thereunder except after giving written notice to the other Partners and the Partnership of any default under the loan documents concurrently with the giving of such notice to the defaulting Partner; the Pledging Partner shall agree that the loan documents shall not be amended, modified or supplemented without the other Partners' prior written consent; and the lender or representative shall, at any other Partner's request, enter into a separate agreement in form reasonably satisfactory to such other Partner, wherein the lender reasonably agrees to provide such other Partner and the Partnership with such notice; and

(xiii) Neither the Person making the Partnership Interest Loan, nor any Person participating in a Partnership Interest Loan, shall have made a loan to the Partnership or to the Underlying Partnership or secured by any Partnership Assets or any Underlying Partnership Assets.

(b) Within a reasonable time after receipt of a request by the Partner obtaining a Partnership Interest Loan accompanied by a copy of the related loan documents, the other Partners shall certify whether the Partnership Interest Loan and the loan documents relating to such Partnership Interest Loan comply with the conditions set forth in CLAUSES (iii), (iv), (v), (vi), (vii), (viii), (ix), (x), (xi) as to the Partnership only, (xii) and (xiii) of this SECTION 6.3(a), which certification shall not be unreasonably withheld, and any such lender or representative may conclusively rely on such certification.

(c) The Partnership shall notify the lender or representative of any failure by the Pledging Partner to make any payment to the Partnership or to any other Partner required under this Agreement. Notwithstanding anything herein to the contrary, the lender or lenders under the Partnership Interest Loan (or such representative) shall have the right (but not the obligation) to cure such default within 30 days after receipt of such notice by making such payment (which shall have the same effect as if such payment had been made by such Partner),

and until the expiration of such 30 day period, the other Partners shall not exercise any of their rights and remedies hereunder or under the Act with respect to such default and, if and when such secured party makes the payment, such default shall be considered cured and shall cease to exist for all purposes of this Agreement and the Act.

(d) Notwithstanding anything herein to the contrary, at any time after the date on which the Partnership receives written notice (a "PARTNERSHIP INTEREST LOAN DEFAULT NOTICE") from a lender or representative that an "event of default" of the Pledging Partner has occurred and exists under a Partnership Interest Loan and instructing the Partnership to make all future distributions or other payments then required to be made to the Pledging Partner under the Partnership Agreement or any Default Loan to such lender or representative until further notice from such lender or representative, such payments shall be made to such lender or representative notwithstanding receipt by the Partnership or any other Partner of any notice by the Pledging Partner (or any trustee or other person acting on its behalf) to the contrary. In addition, at any time after the date on which the Partnership receives a Partnership Interest Loan Default Notice and until such notice is rescinded by the lender or representative after all "events of default" of the Pledging Partner have ceased to exist, the Partnership shall provide to the lender or representative under the Partnership Interest Loan copies of all notices and reports being provided hereunder or under the Act to the Pledging Partner and such other information regarding the Properties or the Partnership Property and the operations, assets, liabilities and business of the Partnership as the lender or representative may reasonably request.

(e) Upon any foreclosure of the security interest securing any Partnership Interest Loan Obligations, or any transfer in lieu thereof, (i) the secured party, purchaser, transferee or a designee thereof shall have the rights of an "assignee" of such Partnership Interest under the Act, including, without limitation, all rights of the Pledging Partner to (A) share in profits and losses of the Partnership, (B) receive distributions from the Partnership under ARTICLE 3 or 10 or SECTION 7.3(b), 8.4 or 8.6(b) hereof or the other provisions of this Agreement or the Act and (C) all other economic rights of such Pledging Partner with respect to the Partnership Interest (including the right to receive any and all sale proceeds of the Partnership Interest if and when the Partnership Interest is sold in accordance with the provisions of this Agreement), and (ii) in all other respects the Pledging Partner shall continue as a Partner under this Agreement with all other rights hereunder (including, without limitation, the right to exercise any voting, management or other consensual rights), unless and until the secured party, purchaser, transferee or designee is admitted as a substitute Partner pursuant to SECTION 6.4 at such Person's request. Upon satisfaction by such secured party, purchaser, transferee or designee of the conditions set forth in Section 6.4, (i) such Person shall be admitted as a Partner and (ii) the Pledging Partner shall cease to be a Partner, in each case without the consent of any other Partner or other Person being required. Unless and until such secured party, purchaser, transferee or designee becomes a Partner under this Agreement, such secured party, purchaser, transferee or designee shall not be liable for any of the liabilities and obligations of the Partnership or such Pledging Partner, whether under this Agreement, the Act or otherwise, except as otherwise provided by law.

(f) Any partner or other controlling Person of a Partner shall be entitled to grant a security interest to a lender or lenders (or representative) referred to in CLAUSE (vi) of SECTION 6.3(a) under a Partnership Interest Loan in the direct or indirect ownership interests that such partner or other Person holds from time to time in such Partner or the Partnership, provided that such security interest shall not be foreclosed (and no transfer in lieu thereof shall occur) at any time prior to foreclosure of the security interest in the Partnership Interest (or transfer in lieu thereof).

(g) Notwithstanding anything herein to the contrary, the provisions of this SECTION 6 shall accrue to the benefit of all lenders and representatives under Partnership Interest Loans.

(h) RIGHT OF PURCHASE. If any lender of a Partnership Interest Loan or any third party (each a "LOAN DEFAULT TRANSFEREE") should become an assignee of any Partner's Partnership Interest as a result of a default under any such Partnership Interest Loan, whether by or through foreclosure of its security interest in and to such Partnership Interest, assignment-in-lieu thereof, or otherwise, then a Partner of the other Party shall have a one-time right to purchase from the Loan Default Transferee such assignee's interest in the Partnership Interest on the terms and conditions of this SECTION 6.3(h). No later than five (5) business days after its acquisition of such assignee's interest in the Partnership Interest, the Loan Default Transferee shall deliver written notice (the "LOAN DEFAULT TRANSFER NOTICE") to the other Partners notifying such other Partners of the transfer, setting forth such Loan Default Transferee's address for notices and stating the credit bid, purchase price or other amount paid for the assignee's interest in the Partnership Interest (which amount may include the discharge of indebtedness in exchange therefor). The other Partners may then exercise its rights under this SUBSECTION (h) by delivering to the Loan Default Transferee, within 30 days after such other Partner's receipt of the Loan Default Transfer Notice, written notice stating its intention to purchase such assignee's interest in the Partnership Interest. The purchase price for the assignee's interest in the Partnership Interest shall equal the credit bid, purchase price or other amount paid by such Loan Default Transferee for such assignee's interest in the Partnership Interest as stated in the Loan Default Transfer Notice, plus interest thereon from the date that the Loan Default Transferee acquires title to the assignee's interest in the Partnership Interest until the date that the sale of the assignee's interest in the Partnership Interest to the other Partner is consummated at the default rate stated in the loan documents. If any other Partner exercises its option to purchase such assignee's interest in the Partnership Interest hereunder to such other Partner or its designee, the transfer of the assignee's interest in the Partnership Interest to the other Partner shall be consummated no later than the sixtieth (60th) day after the date of such Loan Default Transferee's receipt of the other Partner's written notice exercising such purchase option. The other Partner may designate an Affiliate of such Partner as the purchaser of such assignee's interest in the Partnership Interest. Upon the consummation of any transfer hereunder to such Partner or its designee, the Loan Default Transferee shall be released from any and all obligations and liability hereunder except for obligations, liabilities, duties and rights arising before such transfer which have not been determined or ascertained as of the date of transfer.

Upon request by a Partner who is obtaining a Partnership Interest Loan in accordance with the provisions of this Section 6.3, the Partnership and the other Partners shall each execute and deliver to the lender or representative under such Partnership Interest Loan, in addition to the certifications contemplated by Section 6.3(b), such agreements and other documents as may be reasonably requested by such lender or representative in connection therewith, provided such agreements and other documents are consistent with the provisions of this Article 6.

6.4 ADMISSION OF TRANSFEREE AS A PARTNER. No Transferee pursuant to the provisions of this ARTICLE 6 above shall become a substituted Partner until all of the following conditions have been satisfied, as applicable:

(a) A certified copy of the instrument of transfer shall have been filed with the Partnership. The Transferee shall agree in writing for the benefit of the Partnership to be bound by all of the terms of this Agreement and to assume and perform all obligations and duties of the transferring Partner, and an executed, duplicate original of said assumption shall be delivered to the Partnership.

(b) The proposed Partner shall have executed and acknowledged for recordation an amendment to this Agreement and the Statement of Partnership and such other instruments as the other Partners may reasonably deem necessary or desirable to effect such admission or substitution.

(c) A transfer fee sufficient to cover all expenses in connection with such assignment and substitution (including reasonable legal and accounting fees) shall have been paid to the Partnership either by the Transferee or the transferring Partner.

(d) The admission of a Transferee as a substituted Partner and any release of the transferring Partner shall not be a cause for dissolution of the Partnership under the Delaware Uniform Partnership Act. Each Partner hereby agrees in writing that the Partnership shall continue after such admission.

6.5 ALLOCATIONS AND DISTRIBUTIONS UPON TRANSFERS. Upon the occurrence of a Transfer during any Fiscal Year, Profits, Losses, each item thereof, and all other items attributable to the Partnership Interest so transferred for such Fiscal Year shall be divided and allocated between the transferring Partner and the Transferee by taking into account their varying interests during the Fiscal Year in accordance with Code Section 706(d), using any conventions permitted by law and selected by the Operating Committee. All distributions and allocations on or before the date of a Transfer shall be made to the transferring Partner, and all distributions and allocations thereafter shall be made to the Transferee. The Operating Committee and the Partnership shall incur no liability for making allocations and distributions in accordance with the provisions of this SECTION 6.5, whether or not the Operating Committee or the Partnership has knowledge of any Transfer of ownership of any interest in the Partnership.

ARTICLE 7

BUY-SELL

7.1 BUY-SELL OFFERING NOTICE. Either Party may exercise its rights under this ARTICLE 7 at any time after a deadlock over a Buy-Sell Major Decision relating to one (1) of the Underlying Properties or Partnership Properties (the "SUBJECT PROPERTY") is not resolved within thirty (30) days after the Executive Committee meeting at which the same is voted upon; PROVIDED, HOWEVER, that in the case of an Underlying Property (i) such rights may only be exercised in connection with an in-kind distribution of such Underlying Property to the Partnership under Section 5.3 of the Underlying Partnership Agreement, and (ii) in the event of any such in-kind distribution, the Party whose Affiliate elected to cause such in-kind distribution shall be required to become the Initiating Party with respect to such Property hereunder. At any such time, either Party (the "INITIATING PARTY") may give written notice (the "OFFERING NOTICE") to the other Party (the "RESPONDING PARTY") of its intent to purchase all, but not less than all, of the Subject Property. The Offering Notice must be given within fifteen (15) days after the expiration of the thirty (30) day period described immediately above. In such event, the provisions set forth in this ARTICLE 7 shall apply. The Initiating Party shall specify in its Offering Notice the all cash purchase price ("PURCHASE PRICE") at which the Initiating Party would be willing to purchase a fifty percent (50%) undivided interest in the Subject Property free and clear of all debt secured by mortgages, deeds of trust and other security instruments thereon as of the date the Offering Notice is given ("DATE OF VALUE"). Once given, an Offering Notice may not be revoked or withdrawn by an Initiating Party without the written consent of the Responding Party, which consent may be withheld in its sole and absolute discretion. In no event shall either Party be permitted to give an Offering Notice initiating its buy-sell rights under this ARTICLE 7 more often than once in any twelve (12) successive month period.

7.2 EXERCISE OF BUY-SELL. Upon receipt of the Offering Notice, the Responding Party shall then be obligated either:

(a) To consent to the sale of a fifty percent (50%) undivided interest in the Subject Property to the Initiating Party for the Purchase Price; or

(b) To purchase a fifty percent (50%) undivided interest in the Subject Property for the Purchase Price.

The Responding Party shall notify the Initiating Party of its election within thirty (30) days after the Date of Value. Failure to give notice within the required time period shall be deemed consent to the sale of the Subject Property to the Initiating Party. For purposes of this ARTICLE 7, the terms "PURCHASING PARTY" and "SELLING PARTY" shall mean, respectively, the Party who is obligated to purchase and the Party who is obligated to sell a fifty percent (50%) undivided interest in the Subject Property pursuant to either SECTION 7.2(a) or 7.2(b) (regardless of which Party is the Initiating Party and which Party is the Responding Party).

7.3 CLOSING.

(a) The Parties shall meet and exchange documents and pay amounts due, and otherwise do all things necessary to conclude the transaction set forth herein at the closing of such purchase (the "BUY-SELL CLOSING"). The Buy-Sell Closing shall occur at the office of the Purchasing Party's legal counsel at 9:00 a.m. on the first Wednesday after the ninetieth (90th) day after the Date of Value unless the day is a Saturday, Sunday, or national or state holiday and, in that event, on the next business day. At the Buy-Sell Closing, the Partnership shall distribute to each of the Initiating Party and the Responding Party a fifty percent (50%) undivided fee simple interest in the Subject Property. Immediately thereafter, the Purchasing Party shall purchase the interest of the Selling Party in the Subject Property for cash in an amount equal to the Purchase Price. At the Buy-Sell Closing, there shall be delivered to the Purchasing Party a duly executed and acknowledged deed in such form as may be appropriate and required to legally transfer such fee simple title in and to the Subject Property to the Purchasing Party, and shall also, upon the request of the Purchasing Party, concurrently therewith (or at any time and from time to time thereafter) be executed, acknowledged and delivered such other documents and records as the Purchasing Party determines are reasonably necessary or desirable to conclude the Buy-Sell Closing and to otherwise vest title in and to the Subject Property in the Purchasing Party and allow the Purchasing Party to develop, use, sell, rent, manage or operate the Subject Property (including, without limitation, assignments of leases, reciprocal easement and operating agreements, contracts, personal property and other rights or property of the Partnership necessary or useful in the management and operation of the Subject Property). Additionally, the Selling Party shall execute, acknowledge and deliver such other documents and records as the Purchasing Party determines are reasonably necessary or desirable to provide the Purchasing Party with the same rights and interests in the Subject Property as were granted to the Selling Party by the Partnership. The management agreement for the Subject Property shall be immediately terminated effective as of the day of the Buy-Sell Closing. Further, from and after the date of the Buy-Sell Closing, both the Partnership and the Selling Party shall be released from all obligations and liabilities accruing in connection with the Subject Property, and the Purchasing Party shall indemnify and hold the Partnership and the Selling Party harmless from and against any and all such obligations and liabilities accruing from and after the Buy-Sell Closing.

(b) At the Buy-Sell Closing, each of the Purchasing Party and the Selling Party shall be responsible for the satisfaction of fifty percent (50%) of any debt secured by mortgages or deeds of trust against the Subject Property as of the Value Date and, if applicable, the "release price" necessary to release any mortgage or deed of trust securing the Existing Financing as of the Value Date. It is expressly understood and agreed that (i) the transfer of a Subject Property shall be reflected on the books and records of the Partnership and the Underlying Partnership as a partial transfer to the general partners of the Underlying Partnership, in accordance with their respective Percentage Interests therein, followed by a sale of such partial interest by the general partner that is an Affiliate of the Selling Party to the Purchasing Party (or its Assignee), and (ii) such satisfaction may occur through the assumption of such debt by the Purchasing Party, or the refinancing of such debt with new indebtedness secured by the Purchasing Party (in each case, with an appropriate reduction of amounts

otherwise owed by the Purchasing Party to the Selling Party), or through other tax-efficient means agreed upon by the Partners. It is also expressly understood and agreed that the Buy-Sell Closing may be effected through the transfer of a duly executed and acknowledged deed directly from the Partnership or the Underlying Partnership, as the case may be, to the Purchasing Party (or its designee). The Purchasing Party shall be responsible for and pay all costs and expenses incurred in connection with the sale of the Subject Property; PROVIDED THAT, each Party shall bear its own attorneys' fees and further the Initiating Party shall pay any yield maintenance or other interest premium on the pay-off of such debt.

(c) The Partners acknowledge and agree that each Subject Property is extraordinary and unique, and the provisions of this ARTICLE 7 shall be specifically enforceable.

ARTICLE 8

EXIT CALL; PORTFOLIO SALE

8.1 CALL RIGHTS. At any time from and after the date which is eighteen (18) months after the acquisition of the Underlying Properties by the Underlying Partnership, either Party may, without cause and in its sole and absolute discretion, elect to call for the Partnership to dissolve and the distribution of all Partnership Properties to the Partners in kind; PROVIDED, HOWEVER, that such election may only be made in connection with an election, pursuant to Section 10.01(e) of the Underlying Partnership Agreement, to liquidate the Underlying Partnership, in which case the Party whose Affiliate elected such liquidation shall be the "Exercising Party" hereunder. Such distribution by the Underlying Partnership shall be treated as occurring as follows: (i) first, as a distribution to the partners in the Underlying Partnership in accordance with their interests therein; and (ii) as a distribution by the Partnership of its assets (including its proportionate share of the Underlying Partnership Assets) to the Partners in accordance with their Partnership Interests. Any Party may exercise its right to call for the dissolution of the Partnership by delivering to the other Party written notice stating that it is exercising its call right under this ARTICLE 8 (a "CALL NOTICE"). The Party exercising its rights hereunder shall be referred to herein as the "EXERCISING PARTY" and the other Party shall be referred as the "NON-EXERCISING PARTY". Once a Call Notice is delivered, it cannot be rescinded or withdrawn except with the prior written consent of the Non-Exercising Party.

8.2 PROCEDURES UPON CALL EXERCISE. Within fifteen (15) business days after the delivery of a Call Notice requiring the dissolution of the Partnership by the Exercising Party, the Partners shall meet (a "CALL DISSOLUTION MEETING") in order to determine and agree upon the fair market value of each Property (for purposes of this ARTICLE 8, any such property being referred to, individually, as a "CALL PROPERTY," and collectively, as the "CALL PROPERTIES"). It is expressly acknowledged and agreed that the Call Dissolution Meeting may occur over the course of a number of days and may be adjourned from time to time and reconvened upon the agreement of the Parties. If the Parties are unable to agree upon the fair market value of any Call Property within thirty (30) days after the first day of such Call Dissolution Meeting, the fair market value of such Call Property shall be determined in accordance with the appraisal process

set forth in SECTION 8.5 below. Upon the determination of the fair market value of each Call Property, whether by agreement of the Parties or appraisal, the Call Properties will be distributed to the Parties as follows:

(a) first, the Non-Exercising Party shall select a Call Property for acquisition;

(b) second, the Exercising Party shall select a Call Property for acquisition; and

(c) thereafter, the Non-Exercising Party shall select a Call Property for acquisition and the Parties shall alternate choices in such manner until all of the Call Properties have been allocated between the Partners.

If the total number of Call Properties is an odd number, then the Non-Exercising Party shall be permitted to elect, in its sole and absolute discretion, whether to acquire the final Call Property or to mandate that the Exercising Party acquire such final Call Property. The Call Properties to be acquired by the Exercising Party pursuant to this SECTION 8.2 shall be herein referred to each as an "EXERCISING PARTY'S PROPERTY" and collectively as the "EXERCISING PARTY'S PROPERTIES", and the Call Properties to be acquired by the Non-Exercising Party pursuant to this SECTION 8.2 shall be herein referred to each as a "NON-EXERCISING PARTY'S PROPERTY" and collectively as the "NON-EXERCISING PARTY'S PROPERTIES"

8.3 CLOSING PROCEDURE. The Partners shall meet and exchange documents and pay amounts due, and otherwise do all things necessary to conclude the transactions set forth in this ARTICLE 8 at the closing (the "CALL CLOSING"). The Call Closing shall occur at the office of the Exercising Party's legal counsel at 9:00 a.m. on the first Wednesday after the thirtieth (30th) day following the day that the selection procedure described in SECTION 8.2 above shall have been completed (unless such day is a Saturday, Sunday, or national or state holiday and, in that event, on the next business day). At the Call Closing each of the Exercising Party and the Non-Exercising Party shall be responsible for the satisfaction of any debt secured by mortgages or deeds of trust against the Exercising Party's Properties and the Non-Exercising Party's Properties, respectively, as of such date and, if applicable, the "release price" necessary to release any mortgage or deed of trust securing the Existing Financing as of such date. It is expressly understood and agreed that such satisfaction may occur through the assumption of such debt, or the refinancing of such debt with new indebtedness, or through other tax-efficient means agreed upon by the Partners. Immediately thereafter, the Partnership shall (i) deliver to the Exercising Party a duly executed and acknowledged deed in such form as may be appropriate and required to legally transfer fee simple title in and to each Exercising Party's Property to the Exercising Party, and shall also, upon the request of the Exercising Party, concurrently therewith (or at any time and from time to time thereafter) execute, acknowledge and deliver such other documents and records as the Exercising Party determines are reasonably necessary or desirable to conclude the Call Closing and to otherwise vest title in and to the Exercising Party's Properties in the Exercising Party and allow the Exercising Party to develop, use, sell, rent, manage or operate the Exercising Party's Properties (including, without limitation, assignments of leases, reciprocal easement and operating agreements, contracts, personal property and other rights or property of the Partnership necessary or useful in the management and operation of the Exercising Partner's

Properties), and (ii) deliver to the Non-Exercising Party a duly executed and acknowledged deed in such form as may be appropriate and required to legally transfer fee simple title in and to each Non-Exercising Party's Property to the Non-Exercising Party, and shall also, upon the request of the Non-Exercising Party, concurrently therewith (or at any time and from time to time thereafter) execute, acknowledge and deliver such other documents and records as the Non-Exercising Party determines are reasonably necessary or desirable to conclude the Call Closing and to otherwise vest title in and to the Non-Exercising Party's Properties in the Non-Exercising Party and allow the Non-Exercising Party to develop, use, sell, rent, manage or operate the Non-Exercising Party's Properties (including, without limitation, assignments of leases, reciprocal easement and operating agreements, contracts, personal property and other rights or property of the Partnership or the Underlying Partnership necessary or useful in the management and operation of the Non-Exercising Party's Properties). The Partnership shall distribute to the Exercising Party all of the Exercising Party's Properties, and distribute to the Non-Exercising Party all of the Non-Exercising Party's Properties. In the event that the aggregate fair market value of the Exercising Party's Properties (less any debt assumed by the Exercising Party) and the aggregate fair market value of the Non-Exercising Party's Properties (less any debt assumed by the Non-Exercising Party), as determined pursuant to SECTION 8.6 below, are unequal, the Partnership shall designate one Call Property (the "DESIGNATED PROPERTY"), which Designated Property shall be deemed to have been distributed to the Exercising and Non-Exercising Parties in that proportion necessary to equate, as closely as possible, the fair market values of the Call Properties distributed to the Exercising and Non-Exercising Parties (less any debt assumed by the Parties). If the Designated Property is an Exercising Party Property, then the Exercising Party shall pay to the Non-Exercising Party cash, in an amount equal to the fair market value of such Designated Property multiplied by the percentage of the Designated Property distributed to the Non-Exercising Party. If the Designated Property is a Non-Exercising Party Property, then the Non-Exercising Party shall pay to the Exercising Party cash in an amount equal to the fair market value of such Designated Property multiplied by the percentage of the Designated Property distributed to the Exercising Party. The Partnership shall be responsible for and shall pay all costs and expenses incurred in connection with the pay-off and satisfaction of all financing secured by the Partnership Properties, or any of them (including, without limitation, the Existing Financing) and the release of all liens created thereby (including, without limitation, all prepayment penalties or fees, recording charges and other such costs and expenses). Except as otherwise provided in the immediately preceding sentence and in this sentence below, the Exercising Party shall be responsible for and pay all costs and expenses incurred in connection with the distribution of the Exercising Party's Properties, and the Non-Exercising Party shall be responsible for and pay all costs and expenses incurred in connection with the distribution of the Non-Exercising Party's Properties; PROVIDED THAT, each Party, the Partnership and the Underlying Partnership shall bear its own attorneys' fees in connection with such transactions. Each Party shall also, upon the request of the other Party, concurrently with the Call Closing (or at any time and from time to time thereafter) execute, acknowledge and deliver such other documents and records as such other Party determines are reasonably necessary or desirable to conclude the Call Closing. The management agreements for all Call Properties shall be terminated effective as of the day of the Call Closing. Further, from and after the date of the Call Closing, the Partnership shall be released from all obligations and liabilities accruing to them in connection with the Call Properties, and each Party shall indemnify and hold the Underlying Partnership, the Partnership

and the other Party harmless from and against any and all such obligations and liabilities with respect to or relating to the Call Properties distributed to such Party accruing from and after the Call Closing. It is also expressly understood and agreed that (i) the transfer of Partnership Properties shall be reflected on the books and records of the Partnership and the Underlying Partnership so as to take into account, as appropriate, the ownership interests of the general partners of the Underlying Partnership, and (ii) the Call Closing may be effected through the transfer of a duly executed and acknowledged deed directly from the Partnership or the Underlying Partnership, as the case may be, to the appropriate Parties (or their designees).

8.4 WINDING UP; DISTRIBUTION OF PROCEEDS. Immediately following the Call Closing, the Partnership and the Underlying Partnership shall be wound up, and all remaining Partnership Properties shall be distributed to the Partners, in accordance with the terms and provisions of ARTICLE 10 hereof.

8.5 FAIR MARKET VALUE APPRAISAL PROCESS. If the Parties are unable to agree upon the fair market value of any Call Property in accordance with and within the time period set forth in SECTION 8.2 above, then the fair market value of such Call Property shall be determined in accordance with the terms and provisions of this SECTION 8.5. Within twenty (20) days after the conclusion of the Call Dissolution Meeting or the expiration of the thirty (30) day period described in SECTION 8.2, whichever occurs first, each Party shall appoint an appraiser and, within ten (10) days after their appointment, the appraisers so appointed shall appoint a third appraiser. The appraisers so appointed shall proceed to determine the fair market value of the Call Property (determined assuming the Call Property was not encumbered by any debt). The fair market value of the Call Property shall be the average of the two (2) most proximate appraisals. If the highest and the lowest of the three (3) appraisals are exactly equidistant from the middle appraisal, however, the fair market value of the Call Property shall be an amount equal to the middle appraisal. Each appraiser appointed pursuant to this SECTION 8.5 shall be a real estate appraiser with at least ten (10) years' professional experience and with knowledge of the regional shopping center market (or knowledge of any other relevant market with respect to any particular Call Property) within the area where the Call Property is located. If either Party fails to appoint an appraiser within such twenty (20) day period, the determination of the fair market value of the Call Property shall be made by the appraiser chosen by the other Party and such determination shall be binding upon the Parties. If the first two (2) appraisers are unable to agree upon the third appraiser within the ten (10) day period following their appointment, then they shall notify the then chairman of the chapter of the American Institute of Real Estate Appraisers that is the closest to the Call Property geographically and request such person to select a third appraiser. Each Party shall pay the expense of the appraiser that it appoints and the Parties shall share the expense of the third appraiser.

8.6 PORTFOLIO SALE.

(a) Any time after the date which is eighteen (18) months after the date of the acquisition of the Properties by the Underlying Partnership, a Party (for purposes of this SECTION 8.6, the "PORTFOLIO SELLING PARTY") shall have the right to cause (i) the Partnership to sell all (but not less than all) of the Partnership Properties to any unaffiliated third-party Person,

subject to compliance with this SECTION 8.6; PROVIDED, HOWEVER, that such right may only be exercised in connection with an election, pursuant to Section 10.01(e) of the Underlying Partnership Agreement, to liquidate the Underlying Partnership, in which case the Party whose Affiliate elected such liquidation shall be the "Portfolio Selling Party" hereunder. If the Portfolio Selling Party desires to sell the Partnership Properties, the Portfolio Selling Party shall give the other Party (for purposes of this SECTION 8.6, the "REMAINING PARTY") written notice of its desire to do so (the "PORTFOLIO OFFER NOTICE"), which Portfolio Offer Notice shall state the aggregate price, measured in dollars and payable solely in cash or immediately available funds (but which may include a credit for any existing mortgage debt to be assumed), at which the Properties as a portfolio, will be offered for sale (the "PORTFOLIO OFFER PRICE"). The Remaining Party shall, within ninety (90) days after its receipt of the Portfolio Offer Notice, notify the Portfolio Selling Party in writing whether or not the Remaining Party will purchase the entire Partnership Interest of the Portfolio Selling Party in the Partnership for a purchase price equal to the amount that the Portfolio Selling Party (and the Affiliate of such Portfolio Selling Party that is a general portion of the Underlying Partnership) would receive if all of the Properties were sold for cash (including a credit for any mortgage debt to be assumed if included in the Portfolio Offer Notice) at the Portfolio Offer Price, and the Partnership were liquidated, on a closing date set forth in such notice which shall not be less than ten (10) nor more than thirty (30) days after the date of delivery of the Remaining Party's response notice. If the Remaining Party does not respond within the said ninety (90) day period, the Remaining Party shall be deemed conclusively to have declined to purchase the entire Partnership Interest of the Portfolio Selling Party in the Partnership as provided hereinabove and to have consented to the sale of the Properties to an unaffiliated third-party Person on the terms hereinafter provided. If the Remaining Party elects to purchase the entire Partnership Interest of the Portfolio Selling Party in the Partnership, the Portfolio Offer Notice and the Remaining Party's response notice shall constitute a binding agreement of purchase and sale between the Portfolio Selling Party and the Remaining Party and the Partnership Interest sale transaction shall close on the date stated in the Remaining Party's response notice. At the closing, the Parties will each execute and deliver to one another such documents as may be necessary and appropriate to consummate the transfer of the Selling Party's Partnership Interest (including, without limitation, an Assignment of Partnership Interest containing customary indemnity provisions), and the Remaining Party shall pay to the Selling Party, in cash, the purchase price for such Partnership Interest. If applicable, all management agreements for the Properties and Partnership Property managed by any property manager affiliated with the Portfolio Selling Party shall be automatically terminated upon the consummation of the sale of such Partnership Interest.

(b) If the Remaining Party does not elect to purchase the entire Partnership Interest of the Portfolio Selling Party in the Partnership, the Portfolio Selling Party shall have the right, subject to this SUBSECTION (b), to cause the Partnership to sell the Partnership Properties for a cash (with a credit for mortgage debt to be assumed) purchase price equal to or greater than ninety-eight percent (98%) of the Portfolio Offer Price; PROVIDED THAT, the Partnership Properties must be listed with an investment banking firm experienced in the sales of portfolio properties similar to the Partnership Properties for the highest and best price recommended by such investment banking firm, but not in any event less than the Project Offer Price. The closing of such portfolio sale shall occur not later than nine (9) months after the earlier of (x) the expiration

of the Remaining Party's one hundred twenty (120) day response period provided in SUBSECTION (a) above, and (y) the date that the Remaining Party delivers written notice to the Selling Party stating that it consents to the sale of the Partnership Properties on the terms and conditions of this SECTION 8.6. If the Portfolio Selling Party does not close such sale within such nine (9) month period in accordance with the terms hereof, then the Partnership Properties may not thereafter be sold as a portfolio under this SECTION 8.6 without again giving notice to the Remaining Party pursuant to SUBSECTION (a) above. The Remaining Party shall cooperate with the Portfolio Selling Party in order to sell the Partnership Properties on the terms provided in this SECTION 8.6.

8.7 EFFECT OF EXISTING FINANCING. Notwithstanding anything in this Agreement to the contrary, the foregoing provisions of this Article 8 shall not be effective unless, prior to or contemporaneously with any transaction described herein, the Existing Financing has been satisfied in full.

ARTICLE 9

WITHDRAWALS; ACTIONS FOR PARTITION

9.1 WAIVER OF PARTITION. No Partner shall, either directly or indirectly, take any action to require partition of any Partnership Properties, and notwithstanding any provisions of applicable law to the contrary, each Partner hereby irrevocably waives any and all rights it may have to maintain any action for partition or to compel any sale with respect to its Partnership Interest or with respect to the Partnership's interest in the Underlying Partnership, or with respect to any Partnership Properties, except as expressly provided in this Agreement.

9.2 COVENANT NOT TO WITHDRAW OR DISSOLVE. Each Partner hereby covenants and agrees that the Partners have entered into this Agreement based on their mutual expectation that all Partners will continue as Partners and carry out the duties and obligations undertaken by them hereunder and that, except as otherwise expressly required or permitted hereby, each Partner hereby covenants and agrees not to (a) take any action to file a certificate of dissolution or its equivalent with respect to itself, (b) take any action that would cause a Bankruptcy of such Partner, (c) withdraw or attempt to withdraw from the Partnership, (d) exercise any power under the Act to dissolve the Partnership, (e) Transfer all or any portion of its Partnership Interest (other than pursuant to the terms and provisions of ARTICLE 6 hereof), (f) petition for judicial dissolution of the Partnership or permit or cause the Partnership to cause a dissolution of the Underlying Partnership, or (g) demand a return of such Partner's contributions or profits (or a bond or other security for the return of such contributions or profits) without the unanimous consent of the Partners, or except as otherwise specifically allowed under this Agreement.

ARTICLE 10

DISSOLUTION, LIQUIDATION, WINDING-UP AND TERMINATION

10.1 CAUSES OF DISSOLUTION. The Partnership shall be dissolved upon the first to occur of the following:

(a) January 1, 2095;

(b) The written agreement of the Partners or by any Party upon the exercise of its call right pursuant to ARTICLE 8 of this Agreement;

(c) The dissolution, termination, retirement, withdrawal or Bankruptcy of a Partner, unless the business of the Partnership is continued at the election of other Partners having at least a fifty percent (50%) Partnership Interest, made by delivery of written notice to the Partners and the Executive Committee given within ninety (90) days of the discovery by such other Partners of such dissolution, termination, retirement, withdrawal or Bankruptcy;

(d) The election of a Non-defaulting Party made at any time during the continuation of an Event of Default with respect to the other Party;

(e) The occurrence of any event that makes it unlawful for the business of the Partnership to be carried on;

(f) The sale or other disposition of all of the Partnership Properties;

(g) The decree of the dissolution of the Partnership by a court of competent jurisdiction; and

(h) The failure of the Underlying Partnership to acquire the Properties on or before April 1, 1998, unless such date is extended in writing by all Partners.

To the fullest extent permitted by law, the Partners agree that no act, thing, occurrence, event or circumstance shall cause or result in the dissolution or termination of the Partnership except as provided in this SECTION 10.1.

10.2 WINDING UP AND LIQUIDATION. Upon the dissolution of the Partnership, the Partnership shall immediately commence to wind up its affairs, and the Partners or the Liquidator, as the case may be, shall proceed with reasonable promptness to liquidate the Partnership Assets. Except as provided below, during the period of the winding up of the affairs of the Partnership, the rights and obligations of the Partners set forth in ARTICLE 5 with respect to the management and operation of the Partnership and its business shall continue. Notwithstanding anything contained in this Agreement to the contrary, if any event described in SECTION 10.1(c) shall be continuing with respect to a Partner of one Party at the time the Partnership is dissolved, a Partner of the other Party (provided no such event is then continuing

with respect to it), shall be entitled to act as the liquidating Partner hereunder or to appoint a liquidating trustee (in either event, such Partner or trustee being referred to herein as the "LIQUIDATOR") and (i) such Liquidator shall be fully empowered to act on behalf of the Partnership and to wind up the Partnership's affairs and liquidate the Partnership Properties, and (ii) the Liquidator shall be empowered to make, perform and implement all Major Decisions hereunder without obtaining the consent, approval or waiver of any Partner or Person. The Liquidator shall be entitled to receive reasonable compensation for its services, and shall be fully indemnified, defended and held harmless by the Partnership from and against all claims, costs and expenses (including reasonable attorneys' fees and costs) arising in the course of it performing its duties hereunder, except for any such claims, costs or expenses resulting from the gross negligence or wilful misconduct of the Liquidator. From and after the dissolution of the Partnership, the Partnership Assets shall be liquidated and reduced to cash or cash equivalents as soon as practicable and the resulting Net Cash Flow, and all other Net Cash Flow, shall be applied and distributed in the following rank and order:

(a) To the payment of creditors of the Partnership (other than in respect of Default Loans) in the order of priority as provided by law;

(b) To the establishment and maintenance of a reserve of cash or other assets of the Partnership to pay contingent liabilities of the Partnership (other than any Default Loans) in such amounts as may be reasonably and in good faith determined by the Partners or the Liquidator, as the case may be;

(c) To repay the principal amount of, and to pay any interest owing with respect to, any Default Loan; and

(d) To the Partners in accordance with their respective Percentage Interests.

If, immediately prior to the liquidation of the Partnership in accordance with the preceding provisions, there shall continue to be outstanding any principal or accrued interest on any Default Loan (a "DEFAULT LOAN DEFICIENCY"), the Noncontributing Party with respect to such Default Loan shall contribute to the Partnership the amount of such Default Loan Deficiency, which amount shall immediately thereafter be distributed to the Contributing Party in satisfaction of the Default Loan.

10.3 TIMING REQUIREMENTS; DEEMED DISTRIBUTION AND RE-CONTRIBUTION. In the event that the Partnership is "liquidated" within the meaning of Section 1.704-1(b)(2)(ii)(g) of the Regulations, any and all distributions to the Partners pursuant to SECTION 10.2(c) hereof shall be made no later than the later to occur of (i) the last day of the taxable year of the Partnership in which such liquidation occurs or (ii) ninety (90) days after the date of such liquidation. Subject to the foregoing, a reasonable time shall be allowed for the orderly winding up of the business and affairs of the Partnership and the liquidation of its assets in order to minimize any losses otherwise attendant upon such winding up. Notwithstanding any other provisions of this ARTICLE 10 to the contrary, if the Partnership is liquidated within the meaning

of Regulations Section 1.704-1(b)(2)(ii)(g)(3), but no dissolution event described in SUBSECTIONS (a) through (h) of SECTION 10.1 has occurred, the Partnership Properties shall not be liquidated, the Partnership's liabilities shall not be paid or discharged, and the Partnership's affairs shall not be wound up.

10.4 SALES RECEIVABLES. The winding up of the Partnership shall not be deemed finally completed until the Partnership shall have received cash payments in full with respect to obligations such as notes, installment sale contracts and other similar receivables received by the Partnership in connection with the sale of Partnership Properties. The Partners or the Liquidator, as the case may be, shall continue to act to enforce all of the rights of the Partnership pursuant to any such obligations until paid in full.

10.5 DOCUMENTATION OF DISSOLUTION AND TERMINATION. Upon the dissolution of the Partnership and the appointment of a Liquidator in accordance with SECTION 10.2, the Liquidator shall execute, file and record such certificates, instruments and documents as it shall deem necessary or appropriate in each state in which the Partnership or its affiliates do business. Upon the completion of the winding-up of the Partnership (including the application or distribution of all cash or other assets placed in reserve in accordance with SECTION 10.2(b)), the Partnership shall be terminated and the Partners or the Liquidator, as the case may be, shall execute, file and record such certificates, instruments and documents as it shall deem necessary or appropriate in each state in which the Partnership or its affiliates do business in order to reflect or effect the termination of the Partnership.

ARTICLE 11

MISCELLANEOUS

11.1 NOTICES. Notices may be delivered either by private messenger service, by mail, or facsimile transmission. Any notice or document required or permitted hereunder to a Partner shall be in writing and shall be deemed to be given on the date received by the Partner; PROVIDED, HOWEVER, that all notices and documents mailed to a Partner in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the Partner at its respective address as shown in the records of the Partnership, shall be deemed to have been received five (5) days after mailing and provided further, that the sender of any such notice or document by facsimile transmission shall bear the burden of proof as to proper transmission and date of transmission of such facsimile. The address and the telecopier number of each of the Partners shall for all purposes be as set forth at SECTION 2.1 unless otherwise changed by the applicable Partner by notice to the other as provided herein.

11.2 BINDING EFFECT. Except as otherwise provided in this Agreement, every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Partners and their respective permitted successors, transferees, and assigns.

11.3 CONSTRUCTION OF AGREEMENT. As used herein, the singular shall be deemed to include the plural, and the plural shall be deemed to include the singular, and all pronouns shall include the masculine, feminine and neuter, whenever the context and facts require such construction. The headings, captions, titles and subtitles herein are inserted for convenience of reference only and are to be ignored in any construction of the provisions hereof. Except as otherwise indicated, all section and exhibit references in this Agreement shall be deemed to refer to the sections and exhibits of and to this Agreement, and the terms "herein", "hereof", "hereto", "hereunder" and similar terms refer to this Agreement generally rather than to the particular provision in which such term is used. Whenever the words "including", "include" or "includes" are used in this Agreement, they shall be interpreted in a non-exclusive manner as though the words "but [is] not limited to" immediately followed the same. Time is of the essence of this Agreement. The language in all parts of this Agreement shall in all cases be construed simply according to the fair meaning thereof and not strictly against the party which drafted such language. Except as otherwise provided herein, references in this Agreement to any agreement, articles, by-laws, instrument or other document are to such agreement, articles, by-laws, instrument or other document as amended, modified or supplemented from time to time.

11.4 SEVERABILITY. Every provision of this Agreement is intended to be severable. If any term or provision hereof is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity or legality of the remainder of this Agreement.

11.5 INCORPORATION BY REFERENCE. The Glossary of Defined Terms and every exhibit, schedule, and other appendix attached to this Agreement and referred to herein is incorporated in this Agreement by reference.

11.6 FURTHER ASSURANCES. Each of the Partners shall hereafter execute and deliver such further instruments and do such further acts and things as may be required or useful to carry out the intent and purpose of this Agreement and as are not inconsistent with the terms hereof.

11.7 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without regard to any conflict of laws rules thereof.

11.8 COUNTERPART EXECUTION. This Agreement may be executed in any number of counterparts with the same effect as if all of the Partners had signed the same document. All counterparts shall be construed together and shall constitute one agreement.

11.9 LOANS. Any Partner may, with the approval of the Executive Committee or as otherwise provided by this Agreement, lend or advance money to the Partnership. If any Partner shall make any loan or loans to the Partnership, the amount of any such loan or advance shall not be treated as a contribution to the capital of the Partnership but shall be a debt due from the Partnership. Except as otherwise provided herein, no Partner shall be obligated to make any loan or advance to the Partnership.

11.10 NO THIRD PARTY RIGHTS. This Agreement is intended to create enforceable rights between the parties hereto only, and creates no rights in, or obligations to, any other Persons whatsoever. Without limiting the generality of the foregoing, as to any third party, a deficit capital account of a Partner shall not be deemed to be a liability of such Partner nor an asset or property of the Partnership.

11.11 ESTOPPEL CERTIFICATES. Upon the written request of a Partner, the other Partner shall, within fifteen (15) days of its receipt of such request, execute and deliver a written statement certifying: (a) that this Agreement is unmodified and in full force and effect (or, if modified, that this Agreement is in full force and effect as modified and, stating any and all modifications), (b) no Event of Default has occurred with respect to such Partner that has not been cured and, to its actual knowledge, no Event of Default has occurred with respect to the requesting Partner that has not been cured, in each case except as specified in such statement and, (c) that to its actual knowledge, no event has occurred which with the passage of time or the giving of notice, or both, would ripen into an Event of Default hereunder, except as specified in such statement.

11.12 USURY. If any return, interest payment, or other charge payable under this Agreement shall at any time exceed the maximum amount chargeable by applicable law, then the applicable rate of return or interest shall be the maximum rate permitted by applicable law.

11.13 BUSINESS DAY. "BUSINESS DAY" or "BUSINESS DAY" means any calendar day except Saturday, Sunday, or a federal or State of Delaware legal holiday.

11.14 PROPOSING AND ADOPTING AMENDMENTS. Amendments to this Agreement may be proposed by any Executive Committee Member by his submitting to the Executive Committee a verbatim statement of the proposed amendment, and such Executive Committee Member shall include in any such submission a recommendation as to the proposed amendment. A proposed amendment shall be adopted and be effective as an amendment hereto upon the approval of the Executive Committee and its mutual execution and delivery by the Partners. This Agreement may be amended only upon the written agreement of both Partners, and no provision benefiting a Partner may be waived, except by a written instrument signed by the Partner. The giving of consent by any Partner to any action by another Partner in any one instance shall not limit or waive the necessity to obtain such Partner's consent in any future instance.

11.15 PARTNERS NOT AGENTS. Nothing contained herein shall be construed to constitute any Partner the agent of another Partner, except as otherwise expressly provided herein, or in any manner to limit the Partners in the carrying on of their own respective businesses or activities.

11.16 ENTIRE UNDERSTANDING; ETC. This Agreement constitutes the entire agreement and understanding among the Partners, and supersedes any prior or contemporaneous understandings and/or written or oral agreements among them, respecting the subject matter of this Agreement.

11.17 ACTION WITHOUT DISSOLUTION. To the fullest extent permitted by law, each Partner shall be entitled to maintain, on its own behalf or on behalf of the Partnership, any action or proceeding against any other Partner or the Partnership (including an action for damages, specific performance, or injunctive or declaratory relief) for or by reason of the tortious conduct of such party or the breach by such party of this Agreement or any other agreement entered into with such party in connection with the transactions contemplated hereunder, and the bringing of such action or proceeding shall not cause or require the dissolution of the Partnership or an accounting of the Partnership's assets or affairs.

11.18 ATTORNEYS' FEES. In the event of any litigation between Partners by reason of a breach hereunder, or to enforce or interpret any provision, right or obligation hereunder, the unsuccessful party or parties to such litigation covenants and agree to pay the successful party or parties all costs and expenses reasonably incurred, including reasonable attorneys' fees. For the purpose of this Agreement, the term "attorneys' fees" and "attorneys' fees and costs" shall mean the fees and expenses of counsel to the parties hereto, which may include printing, photostating, duplicating and other expenses, air freight charges and fees billed for law clerks, paralegals, librarians and others not admitted to the bar but performing services under the supervision of any attorney. Such term shall also include all such fees and expenses incurred with respect to appeals and bankruptcy proceedings, and whether or not any action or proceeding is brought with respect to the matter for which said fees and expenses were incurred.

11.19 WAIVER OF JURY TRIAL. To the fullest extent permitted by law, each Partner hereby waives trial by jury in any action, proceeding or counterclaim brought by a Partner or the Partnership with respect to any matter whatsoever arising out of or in any way connected with this Agreement, the relationship of the Partners, any claim of injury or damage relating to any of the foregoing, or the enforcement of any remedy under any statute with respect thereto.

11.20 CONFIDENTIALITY. The terms of this Agreement, any non-public details of the transactions contemplated hereby, any financial, marketing or other information delivered or produced pursuant to the terms of this Agreement not generally disclosed to the public, the trade, or creditors, and any non-public information regarding any other Partner or any of its Affiliates learned as a result of the partnership relationship created by this Agreement, shall not be disclosed by any Partner (or any of its Affiliates) to any Person other than its Affiliates, directors, officers, trustees, employees, partners, attorneys and agents of such Partner and their affiliates, except as may be required by any regulatory authority having jurisdiction or by any applicable law, regulation, ordinance or order, and except as otherwise required to carry out the intent of this Agreement.

11.21 PRESS RELEASES. Each Partner agrees to refrain from generating or participating in any publicity statement, press release, or other public notice regarding the formation of this Partnership or the identification of its Partners, the acquisition, disposition or financing of the Properties by the Partnership or any other business or affairs of the Partnership. All publicity statements, press releases or other public notices relating to the formation of this Partnership or the identification of its Partners, the acquisition, disposition or financing of the Properties by the Partnership or any other business or affairs of the Partnership must be approved

by the Executive Committee. Upon the full execution of the Purchase Agreement, the Partners shall issue a joint press release in a form acceptable to both Partners.

11.22 EXISTING FINANCING. The Partners hereby acknowledge and agree that the Underlying Properties shall be acquired by the Underlying Partnership subject to, and the Underlying Partnership shall assume, the Existing Financing and that the acquisition of the Properties subject to such Existing Financing is subject to the approval of the Rating Agencies (Moody's Investors Service, Inc. and Fitch Investors Service, L.P.). Each of the Partners hereby agrees to execute any commercially reasonable amendment to this Agreement reasonably required by such Rating Agencies in connection with such approval.

11.23 CONSENTS; APPROVALS. Unless otherwise herein provided, in any instance in which any Partner, any Executive Committee Member or any Operating Committee Member shall be requested to consent to or approve of any matter with respect to which such Person's consent or approval is required by any of the provisions of this Agreement, such consent (or refusal to consent) or approval (or disapproval) shall be given in writing, and such consent or approval shall not be unreasonably withheld or delayed unless this Agreement with respect to a particular consent or approval shall expressly provide that the same may be given or refused in the sole judgment or discretion of such Partner, Executive Committee Member or Operating Committee Member, as applicable.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date and year first above written.

GENERAL PARTNERS

MACERICH EQ GP CORP.,
a Delaware corporation

By: _____

Its: _____

SDG EQ ASSOCIATES, INC.,
a Delaware corporation

By: _____

Its: _____

LIMITED PARTNERS

MACERICH EQ LIMITED PARTNERSHIP,
a California limited partnership

By: MACERICH EQ GP CORP.,
a Delaware corporation,
its General Partner

By: _____

Its: _____

SDG EQ DEVELOPERS LIMITED PARTNERSHIP,
a Delaware limited partnership

By: SDG EQ ASSOCIATES, INC.,
a Delaware corporation,
its General Partner

By:

Its: Chief Executive Officer

GLOSSARY OF DEFINED TERMS

"ACCOUNTANTS" shall mean the firm or firms of independent certified public accountants selected by the Partners on behalf of the Partnership to audit the books and records of the Partnership and to prepare statements and reports in connection therewith.

"ACT" shall mean the Delaware Uniform Partnership Act, as the same may hereafter be amended or supplemented from time to time and any successor thereto.

"ADDITIONAL CAPITAL CONTRIBUTIONS" is defined in SECTION 2.3.

"AFFECTED GAIN" is defined in the Allocations Exhibit.

"AFFILIATE" shall mean any Entity which directly or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, any Person and shall include in the case of Macerich and MSPE, Macerich Property Management Company, a California corporation and Macerich Management Company, a California corporation, and in the case of SDG and SSPE shall include M.S. Management Associates, Inc., a Delaware corporation, and its subsidiaries.

"AGREEMENT" shall mean this Partnership Agreement.

"ALLOCATIONS EXHIBIT" shall mean EXHIBIT A.

"ANNUAL BUDGET" is defined in SECTION 5.7(a).

"AUDITED FINANCIAL STATEMENTS" shall mean financial statements (balance sheets, statement of income, statement of partners' equity and statement of cash flows) prepared in accordance with generally accepted accounting principles and accompanied by an independent auditor's report.

"BANKRUPTCY" shall mean, with respect to any Partner, (i) the commencement by such Partner of any proceeding seeking relief under any provision or chapter of the federal Bankruptcy Code or any other federal or state law relating to insolvency, bankruptcy or reorganization; (ii) an adjudication that such Partner is insolvent or bankrupt; (iii) the entry of an order for relief under the federal Bankruptcy Code with respect to such Partner; (iv) the filing of any such petition or the commencement of any such case or proceeding against such Partner, unless such petition and the case or proceeding initiated thereby are dismissed within ninety (90) days from the date of such filing; (v) the filing of an answer by such Partner admitting the material allegations of any such petition; (vi) the appointment of a trustee, receiver or custodian for all or substantially all of the assets of such Partner unless such appointment is vacated or dismissed within ninety (90) days from the date of such appointment but not less than five (5) days before the proposed sale of any assets of such Partner; (vii) the insolvency of such Partner or the execution by such Partner of a general assignment for the benefit of creditors; (viii) the convening by such Partner

of a meeting of its creditors, or any class thereof, for purposes of effecting a moratorium upon or extension or composition of its debts; (ix) the failure of such Partner to pay its debts as they mature; (x) the levy, attachment, execution or other seizure of substantially all of the assets of such Partner where such seizure is not discharged within thirty (30) days thereafter; or (xi) the admission by such Partner in writing of its inability to pay its debts as they mature or that it is generally not paying its debts as they become due.

"BASE RATE" is defined in SECTION 2.4(a).

"BUDGET" and "BUDGETS" is defined in SECTION 5.7(a).

"BUDGETED CAPITAL ITEMS" shall mean capital expenditures set forth in a Budget for any of the Properties.

"BUSINESS DAY" is defined in SECTION 11.13.

"BUY-SELL CLOSING" is defined in SECTION 7.3(a).

"BUY-SELL MAJOR DECISION" shall mean a decision to sell, finance, refinance, expand or renovate a Property involving an expenditure or commitment by the Partnership in the case of an expansion or renovation of not less than $10,000,000.

"CALL CLOSING" is defined in SECTION 8.3.

"CALL DISSOLUTION MEETING" is defined in SECTION 8.2.

"CALL NOTICE" is defined in SECTION 8.1.

"CALL PROPERTY" is defined in SECTION 8.2.

"CAPITAL ACCOUNT" is defined in the Allocations Exhibit.

"CAPITAL CONTRIBUTION" shall mean, with respect to any Partner, the amount of money and initial Gross Asset Value of any property other than money contributed to the Partnership with respect to the Partnership Interest held by such Partner (net of liabilities to which such property is subject).

"CASH FLOW SHORTFALLS" shall mean the EXCESS, if any, of (a) the sum (without duplication) of all operating or other cash expenditures paid by the Partnership (other than capital expenditures of any nature), plus all payments of principal, interest, fees and related costs made by the Partnership with respect to Partnership indebtedness (including all such payments, fees and costs paid in connection with the Existing Financing), plus all additions to Partnership reserves established in accordance with this Agreement], OVER (b) all cash revenues and funds received by the Partnership from any and all sources, including reductions of Partnership reserves established in accordance with this Agreement, but excluding security deposit and other refundable deposits

unless and until earned or applied. Non-cash allowances such as depreciation, amortization, cost recovery deductions, or similar items shall not be considered when calculating Cash Flow Shortfalls.

"CLOSING FUNDING REQUIREMENT" is defined in SECTION 2.2(b).

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"CONTRIBUTING PARTY" is defined in SECTION 2.3(c).

"CONTROL" shall mean the ability, whether by the direct or indirect ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to select the managing partner of a partnership, or otherwise to select, or have the power to remove and then select, a majority of those persons exercising governing authority over an Entity. In the case of a limited partnership, the sole general partner, all of the general partners to the extent each has equal management control and authority, or the managing general partner or managing general partners thereof shall be deemed to have control of such partnership and, in the case of a trust, any trustee thereof or any Person having the right to select any such trustee shall be deemed to have control of such trust. The terms "Controls" and "Controlled" shall have correlative meanings.

"CONTROLLING PARTY" is defined in SECTION 5.14(c).

"DATE OF VALUE" is defined in SECTION 7.1.

"DEFAULT LOAN" is defined in SECTION 2.4(a).

"DEFAULT LOAN DEFICIENCY" is defined in SECTION 10.2.

"DEFAULTING PARTY" is defined in SECTION 5.14(a).

"DEPRECIATION" is defined in the Allocations Exhibit.

"DESIGNATED PROPERTY" is defined in SECTION 8.3.

"DUE DILIGENCE FORMATION AND ACQUISITION COSTS" is defined in SECTION 2.2(b).

"ENTITY" shall mean any general partnership, limited partnership, corporation, limited liability company, joint venture, trust, business trust, cooperative or association.

"ESCROW AGENT" shall mean the "Escrow Agent" under and defined in the Purchase Agreement.

"ESCROW CLOSING REQUIREMENT" is defined in SECTION 2.2(b).

"EQUITABLE" shall mean The Equitable Life Assurance Society of the United States, a New York corporation, the "seller" of the Properties under the Purchase Agreement.

"EVENT OF DEFAULT" is defined in SECTION 5.14(a).

"EXECUTIVE COMMITTEE" is defined in SECTION 5.1.

"EXECUTIVE COMMITTEE MEMBERS" is defined in SECTION 5.1.

"EXERCISING PARTY" is defined in SECTION 8.1.

"EXERCISING PARTY'S PROPERTY" and "EXERCISING PARTY'S PROPERTIES" are defined in SECTION 8.2.

"EXISTING FINANCING" shall mean that certain financing with respect to all of the Properties evidenced by those certain collateralized fixed and floating rate notes in the aggregate principal sum of $485,000,000 issued by Equitable, which notes are secured by, INTER ALIA, those documents and instruments more particularly described on Exhibit B to the Purchase Agreement.

"FISCAL YEAR" is defined in the Allocations Exhibit.

"FUNDS FROM OPERATIONS" shall mean net income (loss) (computed in accordance with generally accepted accounting principles), 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 costs), and after adjustments for unconsolidated entities. Adjustments for unconsolidated entities are calculated at the same basis.

"GLOSSARY OF DEFINED TERMS" is defined in the preamble paragraph to this Agreement.

"GROSS ASSET VALUE" is defined in the Allocations Exhibit.

"IMMEDIATE FAMILY" shall mean, with respect to any individual, such individual's spouse, parents, parents-in-law, descendants, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law and children-in-law.

"INDEMNITEE" means (i) any Person that is (A) a Partner, (B) an Executive Committee Member, (C) an Operating Committee Member or (D) a director, officer, employee, trustee, agent or representative of a Partner, and (ii) such other Persons (including Affiliates of a Partner or the Partnership) as the Partners may mutually designate from time to time.

"INITIAL CAPITAL CONTRIBUTIONS" is defined in SECTION 2.2.

"INITIAL RESERVE REQUIREMENT" is defined in SECTION 2.2(b).

"INITIATING PARTY" is defined in SECTION 7.1.

"INTERIM OPERATING BUDGET" is defined in SECTION 5.7(a).

"LIEN" shall mean any liens, security interests, mortgages, deeds of trust, charges, claims, encumbrances, pledges, options, rights of first offer or first refusal and any other rights or interests of others of any kind or nature, actual or contingent, or other similar encumbrances of any nature whatsoever.

"LIQUIDATOR" is defined in SECTION 10.2.

"LOAN DEFAULT TRANSFEREE" is defined in SECTION 6.3(c).

"LOAN DEFAULT TRANSFER NOTICE" is defined in SECTION 6.3(c).

"MACERICH" is defined in the Introduction to this Agreement.

"MAJOR DECISION" is defined in SECTION 5.1(c).

"MINIMUM GAIN ATTRIBUTABLE TO PARTNER NONRECOURSE DEBT" is defined in the Allocations Exhibit.

"NET CASH FLOW" means with respect to any period, the EXCESS, if any, of (a) all cash revenues and funds received by the Partnership from any and all sources during such period, including reductions of Partnership reserves established in accordance with this Agreement, but excluding security deposit and other refundable deposits unless and until earned or applied, OVER (b) the sum (without duplication) of all capital, operating or other cash expenditures of the Partnership paid during such period, plus all payments of principal, interest, fees and related costs with respect to Partnership indebtedness made during such period (including all such payments, fees and costs paid in connection with the Existing Financing), plus all additions to Partnership reserves established in accordance with this Agreement. Net Cash Flow shall not be reduced by depreciation, amortization, cost recovery deductions, or similar non-cash allowances.

"NET INCOME OR NET LOSS" is defined in the Allocations Exhibit.

"NON-COMPETITION AREA" is defined in SECTION 1.8(b).

"NONCONTRIBUTING PARTY" is defined in SECTION 2.3(c).

"NON-DEFAULTING PARTY" is defined in SECTION 5.14(a).

"NON-EXERCISING PARTY" is defined in SECTION 8.1.

"NON-EXERCISING PARTY'S PROPERTY" and "NON-EXERCISING PARTY'S PROPERTIES" are defined in SECTION 8.2.

"NONPROPOSING PARTY"is defined in SECTION 1.8(b).

"NONRECOURSE DEDUCTIONS" is defined in the Allocations Exhibit.

"NONRECOURSE LIABILITIES" is defined in the Allocations Exhibit.

"OFFERING NOTICE" is defined in SECTION 7.1.

"OPERATING COMMITTEE" is defined in SECTION 5.3.

"OPERATING COMMITTEE MEMBERS" is defined in SECTION 5.3.

"OPERATING PARTNERSHIP" shall mean, in the case of SDG or SSPE, Simon DeBartolo Group, L.P., a Delaware limited partnership, and in the case of Macerich or MSPE, The Macerich Partnership, L.P., a Delaware limited partnership, as well as their successors by consolidation or other combination with or into another Person.

"ORIGINAL APPROVED PRE-CLOSING BUDGET" is defined in SECTION 2.2(c).

"OTHER INTERESTS" is defined in SECTION 1.8(a).

"PARTNER NONRECOURSE DEDUCTIONS" is defined in the Allocations Exhibit.

"PARTNER NONRECOURSE DEBT" is defined in the Allocations Exhibit.

"PARTNER" shall mean Macerich, MSPE, SDG and SSPE, and their permitted successors and assigns that are admitted as Partners, individually.

"PARTNERS" shall mean Macerich MSPE, SDG and SSPE, and their permitted successors and assigns that are admitted as Partners.

"PARTNERSHIP" shall mean the partnership hereby constituted, as such partnership may from time to time be constituted.

"PARTNERSHIP INTEREST" shall mean an ownership interest of a Partner in the Partnership from time to time, including such Partner's Percentage Interest and such Partner's Capital Account, and any and all other benefits to which the holder of such Partnership Interest may be entitled as provided in this Agreement, together with all obligations of such Person to comply with the terms of this Agreement.

"PARTNERSHIP INTEREST LOAN" is defined in SECTION 6.3(a).

"PARTNERSHIP INTEREST LOAN DEFAULT NOTICE" is defined in SECTION 6.3(d).

"PARTNERSHIP INTEREST LOAN OBLIGATIONS" is defined in SECTION 6.3(a).

"PARTNERSHIP MINIMUM GAIN" is defined in the Allocations Exhibit.

"PARTNERSHIP PROPERTIES" shall mean any tangible or intangible property hereafter acquired by the Partnership.

"PARTY" and "PARTIES" are defined in SECTION 1.1.

"PERCENTAGE INTEREST" is defined in SECTION 2.1.

"PERMITTED TRANSFERS" is defined in SECTION 6.1(b).

"PERSON" shall mean any individual or Entity.

"PLEDGING PARTNER" is defined in SECTION 6.3(a)(xi).

"PORTFOLIO OFFER NOTICE" is defined in SECTION 8.6(a).

"PORTFOLIO OFFER PRICE" is defined in SECTION 8.6(a).

"PORTFOLIO SELLING PARTY" is defined in SECTION 8.6(a).

"PRINCIPAL OFFICE" is defined in SECTION 1.4.

"PROPERTY" shall mean any of the Properties individually.

"PROPERTIES" shall mean, collectively, the Partnership Properties and the Underlying Properties.

"PROPOSAL" is defined in SECTION 1.8(b).

"PROPOSING PARTY" is defined in SECTION 1.8(b).

"PURCHASE AGREEMENT" shall mean that certain Purchase and Sale Agreement by and between Equitable and SM Portfolio Partners, which provides for the sale of the Properties by Equitable to SM Portfolio Partners, subject to the Existing Financing.

"PURCHASE PRICE" is defined in SECTION 7.1.

"PURCHASING PARTY" is defined in SECTION 7.2.

"REIT" is defined in SECTION 1.3.

"REAL ESTATE ACTIVITY" is defined in SECTION 1.8(b).

"REGULATIONS" shall mean the final, temporary or proposed Income Tax Regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"REGULATORY ALLOCATIONS" is defined in the Allocations Exhibit.

"RELATED PERSONS" is defined in SECTION 1.8.

"REMAINING PARTY" is defined in SECTION 8.6(a).

"RESPONDING PARTY" is defined in SECTION 7.1.

"SDG" is defined in the Introduction to this Agreement.

"SUBJECT PROPERTY" is defined in SECTION 7.1.

"TAX ITEM" is defined in the Allocations Exhibit.

"TERM" is defined in SECTION 1.5.

"TRANSFER" means, as a noun, any voluntary or involuntary transfer, sale, other disposition, hypothecation or encumbrance, and, as a verb, voluntarily or involuntarily to transfer, sell, otherwise dispose of, hypothecate or encumber.

"TRANSFEREE" is defined in SECTION 6.2.

"UNDERLYING PARTNERSHIP" shall mean SDG Macerich Properties, L.P., a Delaware limited partnership, which owns the Properties.

"UNDERLYING PROPERTIES" shall mean the real properties to be acquired by the Underlying Partnership pursuant to the Purchase Agreement, each of which real properties is more specifically identified and defined on Schedule 4 attached hereto, together with all other tangible and intangible property to be acquired by the Underlying Partnership pursuant to the Purchase Agreement.

"UNREALIZED GAIN" is defined in the Allocations Exhibit.

"UNREALIZED LOSS" is defined in the Allocations Exhibit.

EXHIBIT A

ALLOCATIONS EXHIBIT

Each Capitalized term used in this Allocations Exhibit either is defined in the Glossary of Defined Terms to the Agreement or in Section 5 of this Allocations Exhibit.

1. CAPITAL ACCOUNTS.

1.1 ESTABLISHMENT AND MAINTENANCE OF CAPITAL ACCOUNTS. The Partnership shall establish and maintain for each Partner a separate account ("CAPITAL ACCOUNT") in accordance with the rules of Regulations Section 1.704-1(b)(2)(iv) and this Allocations Exhibit. The Capital Account of each Partner shall be increased by (i) the amount of all Capital Contributions and any other contributions made by such Partner to the Partnership pursuant to the Agreement, (ii) the amount of Net Income allocated to such Partner pursuant to Section 2.1 of this Allocations Exhibit, and (iii) the amount of any other items of income or gain specially allocated to such Partner pursuant to Section 3 of this Allocations Exhibit. The Capital Account of each Partner shall be decreased by (i) the amount of cash or Gross Asset Value (net of any liabilities to which the Partnership Assets distributed are subject) of any distributions of cash or property made to such Partner pursuant to the Agreement, (ii) the amount of Net Loss allocated to such Partner pursuant to Section 2.2 of this Allocations Exhibit, and (iii) the amount of any other items of deduction or loss specially allocated to such Partner pursuant to Section 3 of this Allocations Exhibit. The initial balance of each Partner's Capital Account shall equal the amount of such Partner's Capital Contribution to the Partnership on the date hereof as described in ARTICLE 2 of the Agreement. The Capital Accounts of each Partner shall be increased or decreased to reflect the revaluation of Partnership Assets under Section 1.3 of this Allocations Exhibit.

1.2 TRANSFEREES. Generally, a transferee (including any assignee) of a Partnership Interest shall succeed to a pro rata portion of the Capital Account of the transferor; PROVIDED, HOWEVER, that, if the transfer causes a termination of the Partnership under Section 708(b)(1)(B) of the Code, the Partnership's properties and liabilities shall be deemed, solely for federal income tax purposes, to have been contributed to a new Partnership in exchange for an interest in the new Partnership, and the terminated Partnership distributes interests in the new Partnership to the purchasing Partner and the other remaining Partners in proportion to their respective Percentage Interests in liquidation of the terminated Partnership. In such event, the Gross Asset Values of the Partnership properties shall be adjusted immediately prior to such deemed contribution pursuant to Section 1.3(b) of this Allocations Exhibit. The Capital Accounts of such reconstituted Partnership shall be maintained in accordance with the principles of this Allocations Exhibit.

1.3 REVALUATIONS OF PARTNERSHIP ASSETS.

(a) Consistent with the provisions of Regulations Section 1.704-1(b)(2)(iv)(f), and as provided in this Section 1.3, the Gross Asset Values of all Partnership Assets shall

be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership Assets, as of the times of the adjustments provided in Section 1.3(b) of this Allocations Exhibit, as if such Unrealized Gain or Unrealized Loss had been recognized on an actual sale of each such property and allocated pursuant to this Allocations Exhibit.

(b) Such adjustments shall be made as of the following times: (i) immediately prior to the acquisition of an additional interest in the Partnership, after the date hereof, by any new or existing Partner in exchange for more than a de minimis Capital Contribution; (ii) immediately prior to the distribution by the Partnership to a Partner of more than a de minimis amount of property as consideration for an interest in the Partnership; and (iii) immediately prior to the liquidation of the Partnership within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); PROVIDED, HOWEVER, that adjustments pursuant to clauses (i) and (ii) above shall be made only if the Partners determine that such adjustments are necessary or appropriate to reflect the relative economic interests of the Partners in the Partnership.

(c) In accordance with Regulations Section 1.704-1(b)(2)(iv)(e) the Gross Asset Value of Partnership Assets distributed in kind shall be adjusted upward or downward to reflect any Unrealized Gain or Unrealized Loss attributable to such Partnership property, as of the time any such asset is distributed.

(d) In determining Unrealized Gain or Unrealized Loss for purposes of this Allocations Exhibit, the aggregate cash amount and fair market value of all Partnership Assets (including cash or cash equivalents) shall be determined by the Partners using such reasonable methods of valuation as they may adopt, or in the case of a liquidating distribution pursuant to ARTICLE 10 of the Agreement, be determined and allocated by the Liquidator using such reasonable methods of valuation as it may adopt. The Partners, or the Liquidator, as the case may be, shall allocate such aggregate value among the assets of the Partnership (in such manner as it determines in its sole and absolute discretion necessary to arrive at a fair market value for individual properties).

1.4 COMPLIANCE WITH REGULATIONS. The provisions of this Allocations Exhibit relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Partners shall determine that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities which are secured by contributed or distributed property or which are assumed by the Partnership, or any of the Partners), are computed in order to comply with such Regulations, the Partners may make such modification, provided that it is not likely to have a material effect on the amounts distributable to any Person pursuant to ARTICLE 10 of the Agreement upon the dissolution of the Partnership. The Partners also shall (i) make any adjustments that are necessary or appropriate to maintain equality between the Capital Accounts of the Partners and the amount of Partnership capital reflected on the Partnership's balance sheet, as computed for book purposes, in accordance with Regulations Section 1.704-1(b)(2)(iv)(q), and (ii) make any appropriate

modifications in the event unanticipated events might otherwise cause the Agreement and this Allocations Exhibit not to comply with Regulations Section 1.704-(b).

2. ALLOCATION OF NET INCOME AND NET LOSS. After giving effect to the special allocations set forth in Section 3 of this Allocations Exhibit, Net Income and Net Loss for any Fiscal Year or other applicable period shall be allocated to the Partners in accordance with their respective Percentage Interests.

3. SPECIAL ALLOCATIONS.

Notwithstanding any other provision of the Agreement or this Allocations Exhibit, the following special allocations shall be made in the following order:

3.1 MINIMUM GAIN CHARGEBACK. Notwithstanding any other provisions of this Allocations Exhibit, if there is a net decrease in Partnership Minimum Gain during any Fiscal Year, each Partner shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain, as determined under Regulations Section 1.704-2(g). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6). This Section 3.1 is intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

3.2 PARTNER MINIMUM GAIN CHARGEBACK. Notwithstanding any other provision of this Allocations Exhibit (except Section 3.1), if there is a net decrease in Minimum Gain Attributable to a Partner Nonrecourse Debt during any Fiscal Year, each Partner who has a share of the Partnership Minimum Gain Attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5), shall be specially allocated items of Partnership income and gain for such year (and, if necessary, subsequent years) in an amount equal to such Partner's share of the net decrease in Partnership Minimum Gain Attributable to such Partner Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(5). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Partner pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4). This Section 3.2 is intended to comply with the minimum gain chargeback requirements of Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

3.3 INTEREST ON DEFAULT LOANS. Interest Deductions with respect to any Default Loan shall be allocated to the Noncontributing Partner with respect to such Default Loan.

3.4 PARTNER NONRECOURSE DEDUCTIONS. Any Partner Nonrecourse Deductions for any Fiscal Year shall be specially allocated to the Partner who bears the economic risk of loss, under Regulations Section 1.704-2(i)(1), with respect to the Partner Nonrecourse Debt to which such

Partner Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(2).

3.5 CODE SECTION 754 ADJUSTMENTS. To the extent an adjustment to the adjusted tax basis of any Partnership Asset pursuant to Section 732, 734 or 743 of the Code is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis), and such item of gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Section of the Regulations.

3.6 CURATIVE ALLOCATIONS. The allocations set forth in Sections 3.1, 3.2, 3.3 and 3.5 (the "REGULATORY ALLOCATIONS") are intended to comply with certain requirements of Regulations Sections 1.704-1(b) and 1.704-2. Notwithstanding any provisions of Sections 2 and 3 to the contrary (other than the Regulatory Allocations), the Regulatory Allocations shall be taken into account in allocating other items of income, gain, loss and deduction among the Partners so that, to the extent possible, the cumulative net amount for the allocations of Partnership items under Sections 2 and 3 hereof shall be equal to the net amount that would have been allocated had the Regulatory Allocations not occurred. This Section 3.8 is intended to minimize to the extent possible and to the extent necessary any economic distortions which may result from application of the Regulatory Allocations and shall be interpreted in a manner consistent therewith.

4. ALLOCATIONS FOR TAX PURPOSES.

4.1 GENERALLY. Except as otherwise provided in this Section 4, for federal income tax purposes, each item of income, gain, loss and deduction (a "TAX ITEM") shall be allocated among the Partners in the same manner as its correlative item of "book" income, gain, loss or deduction is allocated among the Partners pursuant to Sections 2 and 3 of this Allocations Exhibit.

4.2 SECTIONS 1245/1250 RECAPTURE. If any portion of gain from the sale of property is treated as gain which is ordinary income by virtue of the application of Code Sections 1245 or 1250 ("AFFECTED GAIN"), then (i) such Affected Gain shall be allocated among the Partners in the same proportion that the depreciation and amortization deductions giving rise to the Affected Gain were allocated and (ii) other Tax Items of gain of the same character that would have been recognized, but for the application of Code Sections 1245 and/or 1250, shall be allocated away from those Partners who are allocated Affected Gain pursuant to Clause (i) so that, to the extent possible, the other Partners are allocated the same amount and type, of capital gain that would have been allocated to them had Code Sections 1245 and/or 1250 not applied. For purposes hereof, in order to determine the proportionate allocations of depreciation and amortization deductions for each Fiscal Year or other applicable period, such deductions shall be deemed allocated on the same basis as Net Income and Net Loss for such period.

4.3 TAX ALLOCATIONS: CODE SECTION 704(c). In accordance with Code Section 704(c) and the Regulations promulgated thereunder, income, gain, loss and deduction with respect to any

property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation between the adjusted basis of such property to the Partnership for federal income tax purposes and its initial Gross Asset Value. In the event the Gross Asset Value of any Partnership asset is adjusted pursuant to Section 1.3 of this Allocations Exhibit, subsequent allocations of income, gain, loss and deduction with respect to such asset shall take account of any variation between the adjusted basis of such asset to the Partnership for federal income tax purposes and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations promulgated thereunder. Without limiting the foregoing, the Partners shall allocate income, gain, loss and deduction with respect to any property acquired as of the date hereof, the adjusted basis of which differs from its Gross Asset Value, among the Partners on a property by property basis, subject to the application of the "ceiling limitation," in accordance with Regulations Section 1.704-3(b). The Partners shall allocate income, gain, loss and deduction with respect to any property acquired after the date hereof, the adjusted basis of which differs from its Gross Asset Value, among the Partners under any method the they may elect, so long as such method is set forth in the Regulations promulgated under Section 704(c) of the Code on the date such property is acquired.

5. DEFINITIONS.

"AFFECTED GAIN" is defined in SECTION 4.2.

"DEPRECIATION" means, for each Fiscal Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Fiscal Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount which bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year bears to such beginning adjusted tax basis; PROVIDED, HOWEVER, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Fiscal Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Partners.

"FISCAL YEAR" means each calendar year, or partial calendar year, occurring during the term of the Partnership, or such other Fiscal Year as may be adopted by the Executive Committee from time to time.

"GROSS ASSET VALUE" means, with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) the initial Gross Asset Value of any asset contributed by a Partner to a Partnership shall be the gross fair market value of such asset on the date of contribution to the Partnership, as determined by the Partners;

(ii) the Gross Asset Values of all Partnership Assets shall be adjusted in accordance with Section 1.3 of this Allocations Exhibit; and

(iii) the Gross Asset Value of an asset shall be adjusted each Fiscal Year by the Depreciation with respect to such asset taken into account for purposes of computing Net Income and Net Loss for such year.

"MINIMUM GAIN ATTRIBUTABLE TO PARTNER NONRECOURSE DEBT" shall mean "partner nonrecourse debt minimum gain" as determined in accordance with Regulation Section 1.704-2(i)(2).

"NET INCOME OR NET LOSS" shall mean, for each Fiscal Year or other applicable period, an amount equal to the Partnership's taxable income or loss for such year or period, determined in accordance with Section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Section 703(a) of the Code shall be included in taxable income or loss), with the following adjustments:

(i) The computation of all items of income, gain, loss and deduction shall be made without regard to the fact that items described in Sections 705(a)(1)(B) or 705(a)(2)(B) of the Code are not includable in gross income or are neither currently deductible nor capitalized for federal income tax purposes;

(ii) Any income, gain or loss attributable to the taxable disposition of any Partnership property shall be determined as if the adjusted basis of such property as of such date of disposition were equal in amount to the Partnership's Gross Asset Value with respect to such property as of such date;

(iii) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Fiscal Year;

(iv) In the event the Gross Asset Value of any Partnership property is adjusted to reflect any Unrealized Gain or Unrealized Loss with respect to such property pursuant to Section 1.3 hereof, the amount of any such Unrealized Gain or Unrealized Loss shall be taken into account as gain or loss from the disposition of such property; and

(v) Any items specially allocated under Article 3 of this Allocations Exhibit shall not be taken into account.

"NONRECOURSE DEDUCTIONS" shall have the meaning set forth in Sections 1.704-2(b)(1) and (c) of the Regulations.

"NONRECOURSE LIABILITIES" shall have the meaning set forth in Section 1.752-1(a)(2) of the Regulations.

"PARTNER NONRECOURSE DEDUCTIONS" shall have the meaning set forth in Section 1.704-2(i)(1) of the Regulations.

"PARTNER NONRECOURSE DEBT" shall have the meaning set forth in Section 1.704-2(b)(4) of the Regulations.

"PARTNERSHIP MINIMUM GAIN" shall have the meaning set forth in Sections 1.704-2(b)(2) and (d)(1) of the Regulations.

"TAX ITEM" is defined in SECTION 4.1 of this Allocations Exhibit.

"UNREALIZED GAIN" means, with respect to any Partnership property as of any particular date, the excess of (i) the gross fair market value of such property on such date as determined in accordance with Section 1.3 of this Allocations Exhibit, over (ii) the Gross Asset Value of such property to the Partnership on such date.

"UNREALIZED LOSS" means, with respect to any Partnership property as of any particular date, the excess of (i) the Gross Asset Value of such property to the Partnership on such date, over (ii) the gross fair market value of such property on such date, as determined in accordance with Section 1.3 of this Allocations Exhibit as of such date.

SCHEDULE 1

ORIGINAL APPROVED PRE-CLOSING BUDGET

To be mutually approved by SDG and Macerich and incorporated into this Agreement by an amendment signed by SDG and Macerich.

SCHEDULE 1

SCHEDULE 2

[Intentionally Omitted]

SCHEDULE 2

SCHEDULE 3

[Intentionally Omitted]

SCHEDULE 3

SCHEDULE 4

LIST OF PROPERTIES

1. Eastland Mall
   Evansville, Indiana

2. Empire East
   Sioux Falls, South Dakota

3. Empire Mall
   Sioux Falls, South Dakota

4. Granite Run Mall
   Media, Pennsylvania

5. Lake Square Mall
   Leesburg, Florida

6. Lindale Mall
   Cedar Rapids, Iowa

7. Mesa Mall
   Grand Junction, Colorado

8. NorthPark Mall
   Davenport, Iowa

9. Rushmore Mall
   Rapid City, South Dakota

10. Southern Hills Mall
    Sioux City, Iowa

11. SouthPark Mall
    Moline, Illinois

12. Southridge Mall
    Des Moines, Iowa

13. Valley Mall
    Harrisonburg, Virginia

SCHEDULE 4

SCHEDULE 5

NONCOMPETITION AREA

To be mutually approved by SDG and Macerich and incorporated into this Agreement by an amendment signed by SDG and Macerich.

SCHEDULE 5

EXHIBIT 21.1

LIST OF SUBSIDIARIES

THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership

MACERICH FARGO ASSOCIATES, a California general partnership

MACERICH BRISTOL ASSOCIATES, a California general partnership

MACERICH BUENAVENTURA LIMITED PARTNERSHIP, a California limited partnership

MACERICH BUENAVENTURA GP CORP., a Delaware corporation

MACERICH NORTHWESTERN ASSOCIATES, a California general partnership

MACERICH CITADEL LIMITED PARTNERSHIP, a California limited partnership

MACERICH CITADEL GP CORP., a Delaware corporation

MACERICH EQ LIMITED PARTNERSHIP, a California limited partnership

MACERICH EQ GP CORP., a Delaware corporation

MACERICH FRESNO LIMITED PARTNERSHIP, a California limited partnership

MACERICH FRESNO GP CORP., a Delaware corporation

MACERICH GREAT FALLS LIMITED PARTNERSHIP, a California limited partnership

MACERICH GREAT FALLS GP CORP., a Delaware corporation

MACERICH GREELEY ASSOCIATES, a California general partnership

MACERICH HUNTINGTON LIMITED PARTNERSHIP, a California limited partnership

MACERICH HUNTINGTON GP CORP., a Delaware corporation

NORTHGATE MALL ASSOCIATES, a California general partnership

NORTH VALLEY PLAZA ASSOCIATES, a California general partnership

PANORAMA CITY ASSOCIATES, a California general partnership

LAKEWOOD MALL BUSINESS COMPANY, a Delaware business trust

LAKEWOOD MALL FINANCE COMPANY, a Delaware corporation

MACERICH PROPERTY MANAGEMENT COMPANY, a California corporation

MACERICH MANAGEMENT COMPANY, a California corporation

MACERICH MANHATTAN LIMITED PARTNERSHIP, a California limited partnership

MACERICH MANHATTAN GP CORP., a Delaware corporation

MANHATTAN VILLAGE LLC, a California limited liability company

MACERICH MANHATTAN MANAGEMENT COMPANY, a California corporation

MACERICH MARINA LIMITED PARTNERSHIP, a California limited partnership

MACERICH MARINA GP CORP., a Delaware corporation

MACERICH OKLAHOMA LIMITED PARTNERSHIP, a California limited partnership

MACERICH OKLAHOMA GP CORP., a Delaware corporation

MACERICH PROPERTY EQ GP CORP., a Delaware corporation

MACERICH QUEENS LIMITED PARTNERSHIP, a California limited partnership

MACERICH QUEENS GP CORP., a Delaware corporation

MACERICH QUEENS FUNDING CORP., a Delaware corporation

MACERICH QUEENS ADJACENT GP CORP, a Delaware corporation

LIST OF SUBSIDIARIES

MACERICH QUEENS ADJACENT GUARANTY G.P. CORP., a Delaware corporation

MACERICH QUEENS ADJACENT LIMITED PARTNERSHIP, a California limited partnership

MACERICH RIMROCK LIMITED PARTNERSHIP, a California limited partnership

MACERICH RIMROCK GP CORP., a Delaware corporation

MACERICH SCG LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG GP CORP., a Delaware corporation

MACERICH SCG FUNDING LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG HOLDING LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG FUNDING GP CORP., a Delaware corporation

MACERICH SASSAFRAS GP CORP., a Delaware corporation

MACERICH SASSAFRAS LIMITED PARTNERSHIP, a California limited partnership

MACERICH SOUTH TOWNE LIMITED PARTNERSHIP, a California limited partnership

MACERICH SOUTH TOWNE GP CORP., a Delaware corporation

MACERICH ST MARKETPLACE LIMITED PARTNERSHIP, a California limited partnership

MACERICH ST MARKETPLACE GP CORP., a Delaware corporation

MACERICH STONEWOOD LIMITED PARTNERSHIP, a California limited partnership

MACERICH STONEWOOD GP CORP., a Delaware corporation

MACERICH VALLEY VIEW LIMITED PARTNERSHIP, a California limited partnership

MACERICH VALLEY VIEW GP CORP., a Delaware corporation

MACERICH VALLEY VIEW ADJACENT LIMITED PARTNERSHIP, a California limited partnership

MACERICH VALLEY VIEW ADJACENT GP CORP., a Delaware corporation

MACERICH VINTAGE FAIRE LIMITED PARTNERSHIP, a California limited partnership

MACERICH VINTAGE FAIRE GP CORP., a Delaware corporation

SDG MACERICH PROPERTIES, L.P., a Delaware limited partnership

SM PORTFOLIO LIMITED PARTNERSHIP, a California limited partnership

WEST ACRES DEVELOPMENT, a North Dakota general partnership

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in the registration statements of The Macerich Company on Form S-3 (File No. 333-21157), Form S-3 (File No. 333-38721) and Form S-8 of our report dated March 20, 1998, on our audits of the consolidated financial statements and financial statement schedule of The Macerich Company as of December 31, 1997 and 1996 and for the years ended December 31, 1997, 1996 and 1995, which report is included in this Annual Report on Form 10-K.

COOPERS & LYBRAND L.L.P.
Los Angeles, California
March 20, 1998

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS FOUND ON PAGES 34 AND 35 OF THE COMPANY'S FORM 10-K FOR THE YEAR AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000

YEAR
DEC-31-1997
DEC-31-1997
25,154
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26,801
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0
0
1,607,429
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1,505,000
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257
216,038
1,505,002
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221,214
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73,660
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66,407
22,601
0
22,601
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(555)
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22,046
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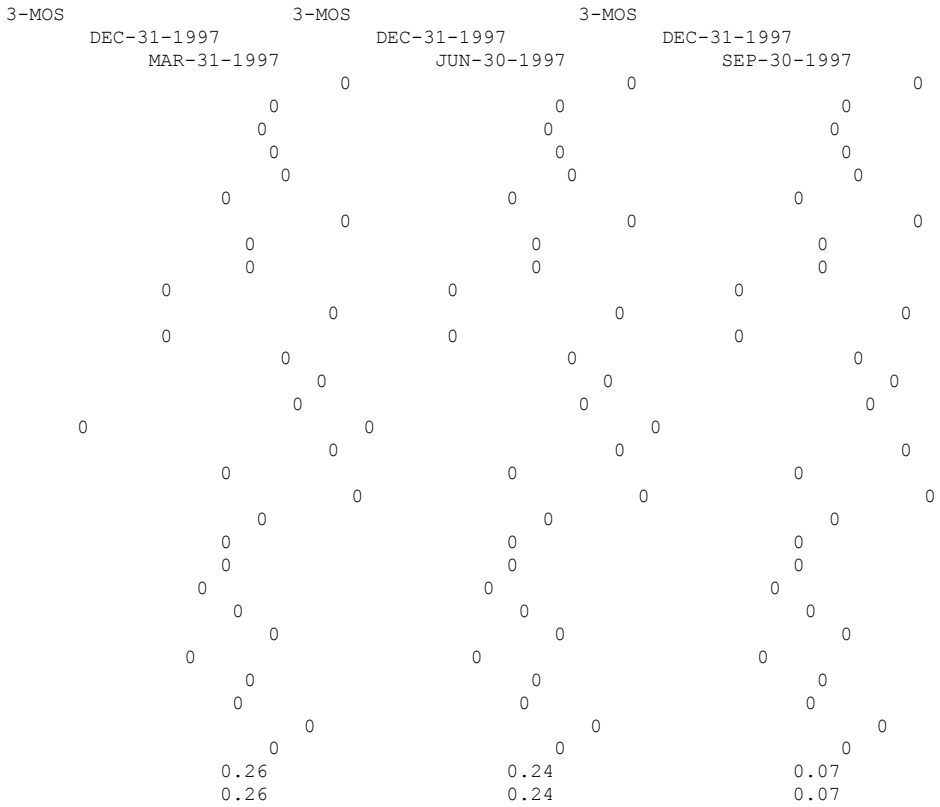
0.73	0.89	0.22	0.21	0.23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DEC-31-1997
JUN-30-1997
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SEP-30-1997
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