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, 1998.

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)

Registrant's telephone number, including area code: (310) 394-6000
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
Preferred Share Purchase Rights	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 FOR THE PAST 90 DAYS. YES X NO .
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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 18, 1999, the aggregate market value of the 25,586,863 shares of Common Stock held by non-affiliates of the registrant was $598 million based upon the closing price ($23.375) 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 18, 1999, there were 33,944,863 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the annual stockholders meeting to be held in 1999 are incorporated by reference into Part III.

THE MACERICH COMPANY
ANNUAL REPORT ON FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 1998
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PART I

ITEM I. 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 46 regional shopping centers and seven community shopping centers aggregating approximately 40 million square feet of gross leasable area. These 53 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 Form 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

A. EQUITY OFFERINGS

The Company sold 7,920,181 shares of its common stock in six offerings during 1998, raising $203.8 million of net proceeds.

On February 25, 1998, the Company issued 3,627,131 shares of its Series A cumulative convertible redeemable preferred stock ("Series A Preferred Stock") for net proceeds totaling $99.0 million.

On June 17, 1998, the Company issued 5,487,471 shares of its Series B cumulative convertible redeemable preferred stock ("Series B Preferred Stock") for net proceeds totaling $148.5 million.

The total net proceeds from the 1998 common and preferred stock offerings totaled $451.3 million. These proceeds were used for the 1998 acquisitions, reducing borrowings under the Company's line of credit and general corporate purposes.

B. ACQUISITIONS

On February 27, 1998, the Company, through a 50/50 joint venture with an affiliate of Simon Property 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 $974.5 million, which included $485.0 million of assumed debt, at market value. The Company's share of the cash component of the purchase price was funded by issuing $100.0 million of Series A Preferred Stock, $80.0 million of common stock and borrowing the balance from the Company's line of credit.

South Plains Mall was acquired on June 19, 1998. South Plains Mall is a 1,140,574 square foot super regional mall located in Lubbock, Texas. The purchase price was $115.5 million, consisting of $29.3 million of assumed debt, at fair market value, and $86.2 million of cash. The cash portion was funded with a portion of the proceeds from the Company's Series B Preferred Stock offering.

Westside Pavilion was acquired on July 1, 1998 for $170.5 million. Westside Pavilion is a 755,759 square foot regional mall located in Los Angeles, California. The purchase price was funded with a portion of the proceeds from the Company's Series B Preferred Stock offering, borrowings under the Company's line of credit and the placement of a ten year $100.0 million mortgage secured by the property.

B. ACQUISITIONS, CONTINUED:

The Village at Corte Madera is a 428,398 square foot regional mall in Corte Madera, California, which the Company acquired in two phases: (i) 40% on June 16, 1998 and (ii) the remaining 60% on July 24, 1998. In addition, Carmel Plaza, a 115,215 square foot community shopping center in Carmel, California was acquired on August 10, 1998. The combined purchase price was $165.5 million, consisting of $40.0 million of assumed debt, the issuance of $7.9 million of limited partnership interests in the Operating Partnership ("OP Units") and $117.6 million in cash. The cash component was funded by borrowings under the Company's line of credit.

Northwest Arkansas Mall was acquired on December 15, 1998. Northwest Arkansas Mall is a 780,237 square foot regional mall located in Fayetteville, Arkansas. The purchase price of $94.0 million was funded by a concurrently placed loan of $63.0 million and borrowings of $31.0 million under the Company's line of credit.

On February 18, 1999, through a 51/49 joint venture with Ontario Teachers' Pension Plan Board, the Company closed on the first phase of a two phase acquisition of a portfolio of properties. The phase one closing included the acquisition of three regional malls, the retail component of a mixed-use development, five contiguous properties and two non-contiguous community shopping centers comprising approximately 3.6 million square feet for a total purchase price of approximately $427.0 million. The purchase price was funded with a $120.0 million loan placed concurrently with the closing, $140.4 million of debt from an affiliate of the seller, and $39.4 million of assumed debt. The balance of the purchase price was paid in cash. The Company's share of the cash component was funded with the proceeds from two refinancings of centers and borrowings under the Company's line of credit. The second phase consists of the acquisition of the office component of the mixed-use development for a purchase price of approximately $115 million. The closing of the second phase is expected to occur in May 1999.

C. REFINANCINGS

On August 3, 1998, the Company, along with the joint venture partner, refinanced the debt secured by Broadway Plaza. The loan of $43.5 million was paid in full and a new note was issued for $75.0 million bearing interest at a fixed rate of 6.68% and maturing August 1, 2008.

On August 7, 1998, the Company refinanced the debt on Fresno Fashion Fair. A $38.0 million loan was paid in full and a new secured note was issued for $69.0 million bearing interest at fixed rate of 6.52% and maturing August 10, 2008.

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, a dominant location, 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 Express/Bath and Body 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.

MANAGEMENT AND OPERATING PHILOSOPHY, CONTINUED:

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 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 through 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 known as the "1997 Acquisition Centers."

The Company made the following acquisitions in 1998: The Company along with a 50/50 joint venture partner, acquired a portfolio of twelve regional malls totaling 10.7 million square feet on February 27, 1998; South Plains Mall in Lubbock, Texas on June 19,1998; Westside Pavilion in Los Angeles, California on July 1, 1998; Village at Corte Madera in Corte Madera, California in June and July 1998; Carmel Plaza in Carmel, California on August 10, 1998; and Northwest Arkansas Mall in Fayetteville, Arkansas on December 15, 1998. Together, these properties are known as the "1998 Acquisition Centers."

On February 18, 1999, the Company, along with a joint venture partner, acquired a portfolio of three regional malls, the retail component of a mixed-use development, five contiguous properties and two non-contiguous community shopping centers totaling approximately 3.6 million square feet. The Company is a 51% owner of this portfolio. The second phase of this transaction consists of the acquisition of the office component of the mixed-use development which is expected to occur in May 1999.

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 18, 1999, the Centers consist of 46 Regional Shopping Centers and seven Community Shopping Centers aggregating approximately 40 million square feet of GLA. The 46 Regional Shopping Centers in the Company's portfolio average approximately 842,000 square feet of GLA and range in size from 1.9 million square feet of GLA at Lakewood Mall to 324,859 square feet of GLA at Panorama Mall. The Company's seven Community Shopping Centers, Albany Plaza, Boulder Plaza, Bristol Shopping Center, Carmel Plaza, Eastland Plaza, Great Falls Marketplace and Villa Marina Marketplace, have an average of 180,000 square feet of GLA. The 46 Regional Shopping Centers presently include 163 Anchors totaling approximately 22.0 million square feet of GLA and approximately 5,515 Mall and Freestanding Stores totaling approximately 18.0 million square feet of GLA.

Total revenues increased from $221.2 million in 1997 to $283.9 million in 1998 primarily due to the 1998 and 1997 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 and 16.0% in 1996. Queens Center accounted for 13.8% of 1996 shopping center revenue. No Center generated more than 10% of shopping center revenues during 1998.

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 Year Ended December 31,		
	1996 (2)	1997 (3)	1998 (4)
Minimum rents	8.3%	7.9%	7.7%
Percentage rents	0.4%	0.4%	0.4%
Expense recoveries (1)	2.9%	3.0%	3.0%
Mall tenant occupancy costs	11.6%	11.3%	11.1%

(1) Represents real estate tax and common area maintenance charges.
(2) Excludes Centers acquired in 1996 (the "1996 Acquisition Centers"). See "Management's Discussion and Analysis of Financial Condition and Results of Operations."
(3) Excludes 1997 Acquisition Centers.
(4) Excludes 1998 Acquisition Centers.

COMPETITION

The 46 Regional Shopping Centers are generally located in developed areas in middle to upper income markets where there are relatively few other Regional Shopping Centers. In addition, 44 of the 46 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 ten other publicly traded mall companies, any of which under certain circumstances, could compete against the Company for an acquisition, an Anchor or a tenant. 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, mail-order services, internet shopping and home shopping networks that could adversely affect the Company's revenues.

MAJOR TENANTS

The Centers derived approximately 89.9% of their total rents for the year ended December 31, 1998 from Mall and Freestanding Stores. One retailer accounted for approximately 6.1% of annual base rents of the Company, and no other single retailer accounted for more than 4.5%, as of December 31, 1998.

The following retailers (including their subsidiaries) represent the 10 largest retailers in the Company's portfolio (excluding joint ventures) based upon minimum rents in place as of December 31, 1998:

RETAILER	NUMBER OF STORES IN THE CENTERS	% OF TOTAL MINIMUM RENTS AS OF DECEMBER 31, 1998
The Limited	107	6.1%
Venator Group	126	4.5%
The Gap	28	2.6%
Barnes & Noble	29	1.8%
J.C. Penney	19	1.8%
Melville Corporation	32	1.2%
The Musicland Group	29	1.1%
Consolidated Stores	29	1.0%
Zale Corporation	24	0.9%
Hallmark Specialty Retail	20	0.8%

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, 1998, comprises 70.0% 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 1998 was $28.58 per square foot, or 14% higher than the average base rent for all Mall and Freestanding Stores (10,000 square feet or under) at December 31, 1998 of $25.08 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.

	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)
DECEMBER 31,			
1996.....	$23.90	$27.02	$24.54
1997.....	$24.27	$27.58	$24.84
1998.....	$25.08	$28.58	$26.34

(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 1996 (excluding the 1996 Acquisition Centers), 1997 (excluding the 1997 Acquisition Centers), and 1998 (excluding the 1998 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 1996 average excludes the 1996 Acquisition Centers, the 1997 average excludes the 1997 Acquisition Centers and the 1998 average excludes the 1998 Acquisition Centers.

(3) The average base rent on leases expiring during the year represents the final year minimum rent, on a cash basis, for all tenant leases 10,000 square feet or under expiring during the year. On a comparable space basis, average rents on leases under 10,000 square feet commencing in 1998 was $31.04 compared to expiring rents of $26.34. The average base rent on leases expiring in 1996 excludes the 1996 Acquisition Centers, the average for 1997 excludes 1997 Acquisition Centers and the average for 1998 excludes the 1998 Acquisition Centers.

BANKRUPTCY AND/OR 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 11 of its Centers. Montgomery Ward has indicated that it plans to cease operating at three of these locations. The Company is negotiating to recapture these locations and replace Montgomery Ward with another department store. Montgomery Ward has not yet disclosed whether it will cease to operate any of its eight remaining stores at the Centers. If Montgomery Ward ceases to operate any of its stores and the Company is unable to replace them with other tenants, it could have an adverse effect on a Center.

BANKRUPTCY AND/OR CLOSURE OF RETAIL STORES, CONTINUED:

Retail stores at the Centers other than Anchors may also seek the protection of the bankruptcy laws and/or close stores, 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 6.1% of total rents, the bankruptcy and/or closure of stores could result in decreased occupancy levels, reduced rental income or otherwise adversely impact the Centers. Although certain tenants have filed for bankruptcy, the Company does not believe such filings and any subsequent closures of their stores will have a material adverse impact on its operations.

LEASE EXPIRATIONS

The following table shows scheduled lease expirations (for Centers owned as of December 31, 1998) 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)
1999	587	1,057,547	11.9%	$23.49
2000	465	840,962	9.5%	$26.41
2001	428	807,193	9.1%	$27.55
2002	373	794,459	8.9%	$25.42
2003	435	950,597	10.7%	$24.99
2004	308	727,502	8.2%	$25.20
2005	323	869,563	9.8%	$26.03
2006	296	804,328	9.1%	$26.60
2007	318	841,666	9.5%	$28.07
2008	291	811,139	9.1%	$28.84

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(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 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 represented approximately 10.1% of the Company's total rent for the year ended December 31, 1998.

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 Centers as of December 31, 1998, except as otherwise indicated:

ANCHORS, CONTINUED:

Name	Number of Anchor Stores	GLA Owned By Anchor	GLA Leased By Anchor	Total GLA Occupied By Anchor
J.C. Penney	30	1,196,066	2,731,774	3,927,840
Sears	25	1,437,831	1,518,413	2,956,244
Dayton Hudson Corp.				
Mervyn's	10	409,180	408,508	817,688
Target	8	491,260	379,871	871,131
Dayton's	2	115,193	100,790	215,983
Total	20	1,015,633	889,169	1,904,802
Dillard's	14	1,257,162	662,735	1,919,897
Federated Department Stores				
Macy's	8	1,039,844	411,599	1,451,443
Macy's Men's & Home	2	-	155,614	155,614
Macy's Men's & Juniors	2	-	146,906	146,906
Total	12	1,039,844	714,119	1,753,963
Montgomery Ward (1)	11	585,768	939,687	1,525,455
May Department Stores Co.				
Foley's	4	725,316	-	725,316
Hechts	2	140,000	143,426	283,426
Robinsons-May	3	366,250	362,852	729,102
Total	9	1,231,566	506,278	1,737,844
Younker's	6	-	609,177	609,177
Gottschalks	5	332,638	283,772	616,410
Herberger's	5	188,000	283,891	471,891
Nordstrom	3	109,000	323,369	432,369
Von Maur	3	186,686	59,563	246,249
Belk	2	-	127,950	127,950
Boscov's	2	-	314,717	314,717
Wal-Mart	2	281,455		281,455
Beall's	1	-	40,000	40,000
Burlington Coat Factory	1	-	133,650	133,650
DeJong	1	-	43,811	43,811
Famous Barr	1	180,000	-	180,000
Home Depot	1	-	130,232	130,232
Kohl's	1	-	92,466	92,466
Lazarus	1	159,068	-	159,068
Watson's	1	-	42,090	42,090
ZCMI	1	-	200,000	200,000
Vacant	5	-	348,023	348,023
	163	9,200,717	10,994,886	20,195,603

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(1) During 1997, Montgomery Ward filed for bankruptcy. Montgomery Ward announced that it will close its stores at Holiday Village Mall, Rimrock Mall and Southridge Mall in 1999. The Company is negotiating to recapture these locations and replace Montgomery Ward with another department store. Montgomery Ward has not yet disclosed whether it will cease to operate any of its eight remaining stores at the Centers.

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 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 responsible current or former tenants, 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 current or former 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, formerly owned by a joint venture of which the Company was a 50% member. The property was sold on December 18, 1997. The California Department of Toxic Substances Control (DTSC) advised the Company in 1995 that very low levels of Dichloroethylene (1,2 DCE), a degradation byproduct of PCE, had been detected in a municipal water well located 1/4 mile west of 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 1,2 DCE which is permitted in drinking water is 6 parts per billion (ppb). The 1,2 DCE was detected in the water well at a concentration of 1.2 ppb, which 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 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 former dry cleaner. $153,100 and $124,000 have already been incurred by the joint venture for remediation, and professional and legal fees for the periods ending December 31, 1998 and 1997, respectively. An additional $408,000 remains reserved by the joint venture as of December 31, 1998.

ENVIRONMENTAL MATTERS, CONTINUED:

The joint venture has been sharing costs on a 50/50 basis with a former owner of the property and intends to look to additional responsible parties for recovery.

Low levels of toluene, a petroleum constituent, was detected in one of three groundwater dewatering system holding tanks at Queens Center. Although the Company believes that no remediation will be required, the Company established a $150,000 reserve in 1996 to cover professional fees and testing costs, which was reduced by costs incurred of $2,300 and $18,000 for the twelve months ending December 31, 1998 and 1997, respectively. 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 Center. 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 were well within OSHA's permissible exposure limit (PEL) of .1 fcc. The accounting for this acquisition includes a reserve of $3.3 million to cover future removal of this asbestos, as necessary. The Company incurred $255,500 and $170,000 in remediation costs for the twelve months ending December 31, 1998 and 1997, respectively.

INSURANCE

The Company has comprehensive liability, fire, flood, extended coverage and rental loss insurance with respect to the Centers. The Company or the joint venture, as applicable, also currently carries earthquake insurance covering the Centers located in California. Management believes that such insurance provides adequate coverage. The Company has been notified by certain of its insurance carriers that coverage will not be provided for various claims relating to the Year 2000 issues and is negotiating with such carriers regarding the scope of any Year 2000 exclusions.

QUALIFICATION AS A REAL ESTATE INVESTMENT TRUST

The Company elected to be taxed as a real estate investment trust under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its first taxable year ended December 31, 1994, and intends to conduct its operations so as to continue to qualify as a real estate investment trust under the Code. As a real estate investment trust, the Company generally will not be subject to federal and state income taxes on its net taxable income that it currently distributes to stockholders. Qualification and taxation as a real estate investment trust depends on the Company's ability to meet certain dividend distribution tests, share ownership requirements and various qualification tests prescribed in the Code.

EMPLOYEES

The Company and the Management Companies employ approximately 1,443 persons, including eight executive officers, personnel in the areas of acquisitions and business development (7), property management (260), leasing (68), redevelopment/construction (22), financial services (37) and legal affairs (24). In addition, in an effort to minimize operating costs, the Company generally maintains its own security staff (447) and maintenance staff (570). Approximately six 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:

Company's Ownership %	Name of Center / Location (1)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion / Renovation	Total GLA (2)	Mall and Free-standing GLA
100%	Boulder Plaza Boulder, Colorado	1969 / 1989	1991	158,997	158,997
100%	Bristol Shopping Center (4) Santa Ana, California	1966 / 1986	1992	165,279	165,279
50%	Broadway Plaza (4) Walnut Creek, California	1951 / 1985	1994	678,855	233,358
100%	Capitola Mall (4) Capitola, California	1977 / 1995	1988	584,962	205,245
100%	Chesterfield Towne Center Richmond, Virginia	1975 / 1994	1997	869,606	404,987
100%	Citadel, The Colorado Springs, Colorado	1972 / 1997	1995	1,045,784	450,444
100%	County East Mall Antioch, California	1966 / 1986	1989	494,343	175,783
100%	Crossroads Mall Oklahoma City, Oklahoma	1974 / 1994	1991	1,174,207	434,519
100%	Fresno Fashion Fair Fresno, California	1970 / 1996	1983	874,306	313,425
100%	Great Falls Marketplace Great Falls, Montana	1997 / 1997	-	159,758	159,758
100%	Greeley Mall Greeley, Colorado	1973 / 1986	1987	581,443	238,081
100%	Green Tree Mall (4) Clarksville, Indiana	1968 / 1975	1995	781,737	337,741
100%	Holiday Village Mall (4) Great Falls, Montana	1959 / 1979	1992	597,361	269,842
100%	Lakewood Mall Lakewood, California	1953 / 1975	1996	1,850,903	907,254
10%	Manhattan Village Shopping Ctr (4) Manhattan Beach, California	1981 / 1997	1992	551,847	375,793
100%	Northgate Mall San Rafael, California	1964 / 1986	1987	743,849	273,518
50%	Panorama Mall Panorama, California	1955 / 1979	1980	324,859	159,859
100%	Queens Center Queens, New York	1973 / 1995	1991	624,337	156,194
100%	Rimrock Mall Billings, Montana	1978 / 1996	1980	600,788	285,348
100%	Salisbury, Centre at Salisbury, Maryland	1990 / 1995	1990	883,400	278,419
100%	South Towne Center Sandy, Utah	1987 / 1997	1997	1,236,356	459,844
100%	Stonewood Mall (4) Downey, California	1953 / 1997	1991	927,553	356,806

Company's Ownership %	Name of Center / Location (1)	Percentage of Mall and Free-standing GLA Leased	Anchors	Sales Per Square Foot (3)
100%	Boulder Plaza Boulder, Colorado	100.0%	-----	$323
100%	Bristol Shopping Center (4) Santa Ana, California	96.9%	-----	380
50%	Broadway Plaza (4) Walnut Creek, California	99.2%	Macy's, Nordstrom, Macy's Men's and Juniors	479
100%	Capitola Mall (4) Capitola, California	97.5%	Gottschalks, J.C. Penney, Mervyn's, Sears	305
100%	Chesterfield Towne Center Richmond, Virginia	96.0%	Dillard's (two), Hechts, Sears	317
100%	Citadel, The Colorado Springs, Colorado	82.4%	Dillard's, Foley's, J.C. Penney, Mervyn's	263
100%	County East Mall Antioch, California	88.5%	Sears, Gottschalks, Mervyn's (8)	246
100%	Crossroads Mall Oklahoma City, Oklahoma	91.6%	Dillards, Foley's, J.C. Penney, Montgomery Ward (6)	221
100%	Fresno Fashion Fair Fresno, California	97.4%	Gottschalks, J.C. Penney, Macy's, Macy's Men's and Children	321
100%	Great Falls Marketplace Great Falls, Montana	100.0%	-----	85
100%	Greeley Mall Greeley, Colorado	74.3%	Dillard's (two), J.C. Penney, Sears, Montgomery Ward (6)	237
100%	Green Tree Mall (4) Clarksville, Indiana	85.8%	Dillard's, J.C. Penney, Sears, Target	329
100%	Holiday Village Mall (4) Great Falls, Montana	93.6%	Herberger's, J.C. Penney, Sears, Montgomery Ward (6)	264
100%	Lakewood Mall Lakewood, California	96.6%	Home Depot, J.C. Penney, Mervyn's, Montgomery Ward (6), Robinson-May	327
10%	Manhattan Village Shopping Ctr (4) Manhattan Beach, California	98.3%	Macy's, Macy's Men's & Home	639

100%	Northgate Mall San Rafael, California	92.3%	Macy's, Mervyns, Sears	296
50%	Panorama Mall Panorama, California	98.3%	Wal-Mart (5)	408
100%	Queens Center Queens, New York	100.0%	J.C. Penney, Macy's	740
100%	Rimrock Mall Billings, Montana	93.7%	Dillard's, Herbergers, J.C. Penney, Montgomery Ward (6)	268
100%	Salisbury, Centre at Salisbury, Maryland	95.8%	Boscov's, J.C. Penney, Hechts, Montgomery Ward (6), Sears	294
100%	South Towne Center Sandy, Utah	95.3%	Dillard's, J.C. Penney, Mervyn's, Target, ZCMI	226
100%	Stonewood Mall (4) Downey, California	85.7%	J.C. Penney, Mervyn's, Robinson-May, Sears	309

Company's Ownership %	Name of Center / Location (1)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion / Renovation	Total GLA (2)	Mall and Free-standing GLA
100%	Valley View Center Dallas, Texas	1973 / 1996	1996	1,507,699	449,802
100%	Villa Marina Marketplace Marina Del Rey, California	1972 / 1996	1995	448,517	448,517
100%	Vintage Faire Mall Modesto, California	1977 / 1996	-	1,047,409	347,490
19%	West Acres Fargo, North Dakota	1972 / 1986	1992	928,782	376,227
	TOTAL / AVERAGE AT DECEMBER 31, 1998 (a)			19,842,937	8,422,530
	1998 ACQUISITION CENTERS				
100%	Carmel Plaza Carmel, California	1974 / 1998	1993	115,215	115,215
100%	Corte Madera, Village at Corte Madera, California	1985 / 1998	1994	428,398	210,398
100%	Northwest Arkansas Mall Fayetteville, Arkansas	1972 / 1998	1997	780,237	305,506
100%	South Plains Mall Lubbock, Texas	1972 / 1998	1995	1,140,574	398,787
100%	Westside Pavilion Los Angeles, California	1985 / 1998	1991	755,759	397,631
	TOTAL / AVERAGE 1998 ACQUISITIONS			3,220,183	1,427,537
	TOTAL / AVERAGE AT DECEMBER 31, 1998 (b)			23,063,120	9,850,067

Company's Ownership %	Name of Center / Location (1)	Percentage of Mall and Free-standing GLA Leased	Anchors	Sales Per Square Foot (3)
100%	Valley View Center Dallas, Texas	92.7%	Dillard's, Foleys, J.C. Penney, Sears	$274
100%	Villa Marina Marketplace Marina Del Rey, California	96.7%	-----	429
100%	Vintage Faire Mall Modesto, California	90.5%	Gottschalks, J.C. Penney, Macy's, Macy's Men's & Home, Sears	315
19%	West Acres Fargo, North Dakota	96.3%	Daytons, Herberger's, J.C. Penney, Sears	346
	TOTAL / AVERAGE AT DECEMBER 31, 1998 (a)	93.4%		$337
	1998 ACQUISITION CENTERS			
100%	Carmel Plaza Carmel, California	97.7%	-----	$327
100%	Corte Madera, Village at Corte Madera, California	92.4%	Macy's, Nordstrom	476
100%	Northwest Arkansas Mall Fayetteville, Arkansas	91.7%	Dillard's (two), J.C. Penney, Sears	267
100%	South Plains Mall Lubbock, Texas	97.8%	Beall's, Dillards, J.C. Penney, Mervyn's, Sears	295
100%	Westside Pavilion Los Angeles, California	90.8%	Nordstrom, Robinson-May	375
	TOTAL / AVERAGE 1998 ACQUISITIONS	93.6%		$345
	TOTAL / AVERAGE AT DECEMBER 31, 1998 (b)	93.4%		$338

Company's Ownership %	Name of Center / Location (1)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion / Renovation	Total GLA (2)	Mall and Free-standing GLA
	1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)				
50%	Eastland Mall (4) Evansville, IN	1978 / 1998	1995	1,084,907	543,643
50%	Empire Mall (4) Sioux Falls, SD	1975 / 1998	1988	1,321,708	631,601
50%	Granite Run Mall Media, PA	1974 / 1998	1993	1,034,479	533,670
50%	Lake Square Mall Leesburg, FL	1980 / 1998	1992	560,671	264,634
50%	Lindale Mall Cedar Rapids, IA	1963 / 1998	1997	690,417	384,854
50%	Mesa Mall Grand Junction, CO	1980 / 1998	1991	849,958	424,141
50%	NorthPark Mall Davenport, IA	1973 / 1998	1994	1,057,383	405,850
50%	Rushmore Mall Rapid City, SD	1978 / 1998	1992	834,385	363,725
50%	Southern Hills Mall Sioux City, IA	1980 / 1998	----	752,588	439,011
50%	SouthPark Mall Moline, IL	1974 / 1998	1990	1,034,195	456,139
50%	SouthRidge Mall (4) Des Moines, IA	1975 / 1998	1998	1,008,267	510,461
50%	Valley Mall Harrisonburg, VA	1978 / 1998	1992	482,341	196,278
	1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)			10,711,299	5,154,007
	GRAND TOTAL / AVERAGE AT DECEMBER 31, 1998 (c)			33,774,419	15,004,074

Company's Ownership %	Name of Center / Location (1)	Percentage of Mall and Free-standing GLA Leased	Anchors	Sales Per Square Foot (3)
	1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)			
50%	Eastland Mall (4) Evansville, IN	93.3%	DeJong, Famous Barr, J.C. Penney, Lazarus	$299
50%	Empire Mall (4) Sioux Falls, SD	92.2%	Daytons, J.C. Penney, Kohl's Sears, Target, Younkers (8)	355
50%	Granite Run Mall Media, PA	99.1%	Boscov's, J.C. Penney, Sears	297
50%	Lake Square Mall Leesburg, FL	88.6%	Belk, J.C. Penney, Sears, Target	220
50%	Lindale Mall Cedar Rapids, IA	90.8%	Sears, VonMaur, Younkers	272
50%	Mesa Mall Grand Junction, CO	94.2%	Herberger's, J.C. Penney, Mervyn's, Sears, Target,	248
50%	NorthPark Mall Davenport, IA	87.4%	J.C. Penney, Montgomery Ward (6), Sears, VonMaur, Younkers	244
50%	Rushmore Mall Rapid City, SD	93.4%	Herberger's, J.C. Penney, Sears, Target (8)	256
50%	Southern Hills Mall Sioux City, IA	91.9%	Sears, Target, Younkers	337
50%	SouthPark Mall Moline, IL	90.2%	J.C. Penney, Sears, Younkers, VonMaur, Montgomery Ward (6)	235
50%	SouthRidge Mall (4) Des Moines, IA	92.7%	Sears, Younkers, J.C. Penney, Target, Montgomery Ward (6)	235
50%	Valley Mall Harrisonburg, VA	98.6%	Belk, J.C. Penney, Wal-Mart, Watson's	279
	1998 ACQUISITION CENTERS (ERE YARMOUTH PORTFOLIO)	92.7%		280
	Grand Total / Average at December 31, 1998 (c)	93.2%		$319

Company's Ownership %	Name of Center / Location (1)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion / Renovation	Total GLA (2)	Mall and Free-standing GLA
	MAJOR REDEVELOPMENT PROPERTIES				
100%	Crossroads Mall (4) Boulder, Colorado	1963 / 1979	1998	808,975	365,538
100%	Huntington Center (4), (7) Huntington Beach, California	1965 / 1996	1997	720,147	323,382
100%	Pacific View (formerly Buenaventura Mall Ventura, California	1965 / 1996	1999	646,851	191,515
100%	Parklane Mall (4) Reno, Nevada	1967 / 1978	1998	386,911	257,191
	TOTAL MAJOR REDEVELOPMENT CENTERS			2,562,884	1,137,626
	TOTAL / AVERAGE (d)			36,337,303	16,141,700
	1999 ACQUISITION CENTERS (e)				
51%	Albany Plaza Albany, Oregon	1983 / 1999	----	145,462	145,462
51%	Cascade Mall Burlington, Washington	1989 / 1999	1998	585,259	266,378
51%	Eastland Plaza Columbus, Ohio	1974 / 1999	1993	65,313	65,313
51%	Kitsap Mall Silverdale, Washington	1985 / 1999	1997	850,236	340,253
51%	Redmond Town Center (4) (f) Redmond, Washington	1997 / 1999	----	569,289	569,289
51%	Washington Square Tigard, Oregon	1974 / 1999	1995	1,422,752	454,425
	1999 ACQUISITION CENTERS			3,638,311	1,841,120
	GRAND TOTAL / AVERAGE			39,975,614	17,982,820

Company's Ownership %	Name of Center / Location (1)	Percentage of Mall and Free-standing GLA Leased	Anchors	Sales Per Square Foot (3)
	Major Redevelopment Properties			
100%	Crossroads Mall (4) Boulder, Colorado	(9)	Foley's, J.C. Penney, Sears (8)	(9)
100%	Huntington Center (4), (7) Huntington Beach, California	(9)	Mervyn's, Burlington Coat Factory, Montgomery Ward (6)	(9)
100%	Pacific View (formerly Buenaventura Mall) Ventura, California	(9)	J.C. Penney, Macy's, Montgomery Ward (6)	(9)
100%	Parklane Mall (4) Reno, Nevada	(9)	Gottschalks	(9)
	TOTAL MAJOR REDEVELOPMENT CENTERS			
	TOTAL / AVERAGE (d)			
	1999 ACQUISITION CENTERS (e)			
51%	Albany Plaza Albany, Oregon	73.2%	-----	(10)
51%	Cascade Mall Burlington, Washington	87.8%	The Bon Marche, Emporium, J.C. Penney, Sears	(10)
51%	Eastland Plaza Columbus, Ohio	74.7%	-----	(10)
51%	Kitsap Mall Silverdale, Washington	97.3%	The Bon Marche, J.C. Penney, Lamonts, Mervyn's, Sears	(10)
51%	Redmond Town Center (4) (f) Redmond, Washington	91.3%	-----	(10)
51%	Washington Square Tigard, Oregon	98.2%	J.C. Penney, Meier & Frank, Mervyn's, Nordstrom, Sears	(10)
	1999 ACQUISITION CENTERS	91.6%		
	GRAND TOTAL / AVERAGE	93.0%		

A) EXCLUDING 1998 ACQUISITIONS, REDEVELOPMENT PROPERTIES AND 1999 ACQUISITIONS
B) EXCLUDING REDEVELOPMENT PROPERTIES, ERE YARMOUTH PORTFOLIO AND 1999 ACQUISITIONS
C) EXCLUDING REDEVELOPMENT PROPERTIES AND 1999 ACQUISITIONS
D) EXCLUDING 1999 ACQUISITIONS
E) INCLUDES FIVE CONTIGUOUS FREESTANDING PROPERTIES
F) EXCLUDES THE OFFICE COMPONENT OF THIS MIXED-USE DEVELOPMENT WHICH IS EXPECTED TO BE ACQUIRED IN MAY 1999.

(1) The land underlying thirty-nine of the Centers is owned in fee entirely by the Company or, in the case of jointly-owned Centers, by the joint venture property partnership or limited liability company. 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.

(2) Includes GLA attributable to Anchors (whether owned or non-owned) and Mall and Freestanding Stores as of December 31, 1998.

(3) Sales are based on reports by retailers leasing Mall and Freestanding Stores for the year ending December 31, 1998 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) Wal-Mart opened in May 1998.

(6) During 1997, Montgomery Ward filed for bankruptcy. Montgomery Ward announced that it will close its stores at Holiday Village Mall, Rimrock Mall and Southridge Mall in 1999. Montgomery Ward has not yet disclosed whether it will cease to operate any of its eight remaining stores at the Centers.

(7) Edwards Cinema signed a lease in January 1997 to open a 16 screen theater in the former Broadway location.

(8) These properties have a vacant Anchor location. The Company is contemplating various replacement tenant/redevelopment opportunities for these vacant sites.

(9) Certain spaces have been intentionally held off the market and remain vacant because of major redevelopment plans. As a result, the Company believes the percentage of Mall and Free-standing GLA leased and the sales per square foot at these major redevelopment properties is not meaningful data.

(10) Final 1998 sales per square foot information is not currently available.

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 as of December 31, 1998.

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 Defeased or Be Prepaid
Capitola Mall	Fixed	9.25%	$37,345	$3,801	12/15/01	$36,193	1/15/96
Carmel Plaza (3)	Floating	7.54%	25,000	1,911	7/1/99	25,000	Any Time
Chesterfield Towne Center (1)	Fixed	9.07%	65,064	6,580	1/1/24	1,087	1/1/06
Chesterfield Towne Center	Fixed	8.54%	3,266	376	11/1/99	3,183	Any Time
Citadel	Fixed	7.20%	74,575	6,648	1/1/08	59,962	1/1/03
Corte Madera, Village at (3)	Floating	7.28%	60,000	4,332	11/5/99	60,000	Any Time
Crossroads Mall - Boulder	Fixed	7.08%	35,280	3,948	12/15/10	28,107	1/15/00
Fresno Fashion Fair	Fixed	6.52%	69,000	4,561	8/10/08	62,890	8/7/01
Greeley Mall	Fixed	8.50%	17,055	2,245	9/15/03	12,519	Any Time
Green Tree Mall/Crossroads - OK/ Salisbury	Fixed	7.23%	117,714	8,499	3/5/04	117,714	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	9,140	8/10/05	127,000	Any Time
Northgate Mall	Fixed	6.75%	25,000	1,688	4/1/01	25,000	1/10/99
Northwest Arkansas Mall	Fixed	7.33%	63,000	5,209	1/10/09	49,304	1/1/04
Parklane Mall	Fixed	6.75%	20,000	1,350	4/1/01	20,000	1/10/99
Queens Center	Floating	(2)	65,100	(2)	3/31/99	51,000	Any Time
Rimrock Mall	Fixed	7.70%	31,002	2,924	1/1/03	28,496	1/1/00
South Plains Mall	Fixed	6.30%	28,795	4,180 (4)	1/1/08	336	Any Time
South Towne Center	Fixed	6.61%	64,000	4,289	10/10/08	64,000	7/24/01
Valley View Mall	Fixed	7.89%	51,000	4,080	10/10/06	51,000	4/16/00
Villa Marina Marketplace	Fixed	7.23%	58,000	4,249	10/10/06	58,000	8/29/00
Vintage Faire Mall	Fixed	7.65%	54,522	5,122	1/1/03	50,089	1/1/00
Westside Pavilion	Fixed	6.67%	100,000	6,529	7/1/08	91,133	7/1/01
Total - Wholly Owned Centers			$1,208,718				
Joint Venture Centers:							
Broadway Plaza (50%) (5)	Fixed	6.68%	37,306	3,089	8/1/08	29,315	Any Time
SDG Macerich Properties L.P. (50%) (5)	Fixed	6.23%(6)	160,434	11,114	5/15/06	150,000	Any Time
SDG Macerich Properties L.P. (50%) (5)	Floating	6.15%(6)	92,500	5,689	5/15/03	92,500	Any Time
West Acres Center (19%) (5)	Fixed	8.89%	7,202	672	7/15/99	6,613	
Total - All Centers			$1,506,160				

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 $387,101 for the year ended December 31, 1998 and $98,528 for the year ended December 31, 1997.

(2) This loan bore interest at LIBOR plus 0.45%. There was an interest rate protection agreement in place on the first $10.2 million 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 of 7.07% through 1997 and 7.7% thereafter. This loan was paid in full on February 4, 1999 and refinanced with a new loan of $100 million, with interest at 6.74%, maturing in 2009.

(3) These loans bear interest at LIBOR plus 2.0%.

MORTGAGE DEBT, CONTINUED:

(4) This note was assumed at acquisition. At the time of acquisition in June 1998, this debt was recorded at fair market value and the premium was amortized as interest expense over the life of the loan using the effective interest method. The monthly debt service payment was $348,000 per month and was calculated based on a 12.5% interest rate. At December 31, 1998, the unamortized premium was $6,165,000. On February 17, 1999, the loan was paid in full and was refinanced with a new loan of $65 million, with interest at 7.49%, maturing in 2009.

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

(6) In connection with the acquisition of these Centers, the joint venture assumed $485 million of mortgage notes payable which are secured by the properties. At acquisition, this debt reflected a fair market value of $322.7 million, which included an unamortized premium of $22.7 million. This premium is being amortized as interest expense over the life of the loan using the effective interest method. At December 31, 1998, the unamortized balance of the debt premium was $20.9 million. This debt is due in May 2006 and requires a monthly payment of $926,000. $185 million of this debt is due in May 2003 and requires monthly interest payments at a variable weighted average rate (based on LIBOR) of 6.15% at December 31, 1998. This variable rate debt is covered by an interest rate cap agreement which effectively prevents the interest rate from exceeding 11.53%.

At December 31,1997, the Company had $55.0 million of borrowings outstanding under its $60.0 million unsecured credit facility, which bore interest at LIBOR plus 1.325%. On February 26, 1998, the Company increased this credit facility to $150 million with a maturity of February 2000, currently bearing interest at LIBOR plus 1.15%. The interest rate on such credit facility fluctuates between 0.95% and 1.15% over LIBOR. As of December 31, 1998, $137 million of borrowings was outstanding under this line of credit at an interest rate of 6.79%.

Additionally, the Company had issued $776,000 in letters of credit guaranteeing performance by the Company of certain events. The Company does not believe that these letters of credit will result in a liability to the Company.

During January 1999, the Company entered into a bank construction loan agreement to fund $89.2 million of costs related to the redevelopment of Pacific View. See "Item 2. Properties." The loan bears interest at LIBOR plus 2.25% and matures in February 2001. Principal is drawn as construction costs are incurred.

During 1997, the Company issued and sold $161.4 million of convertible subordinated debentures (the"Debentures") due 2002. 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.

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 1998, the Company's shares traded at a high of $30.375 and a low of $22.25.

As of February 18, 1999 there were approximately 300 shareholders of record. The following table shows high and low closing prices per share of common stock during each quarter in 1997 and 1998 and dividends/distributions per share of common stock declared and paid by quarter.

	Market Quotation Per Share		
Quarters Ended	High	Low	Dividends/Distributions Declared and Paid
March 31, 1997	$ 29 5/8	$ 25 3/8	$ 0.44
June 30, 1997	28 7/8	24 7/8	0.44
September 30, 1997	29 11/16	27 1/8	0.44
December 31, 1997	29 9/16	24 3/4	0.46
March 31, 1998	30 3/8	27	0.46
June 30, 1998	29 3/4	26 1/16	0.46
September 30, 1998	29 3/8	22 1/4	0.46
December 31, 1998	28 7/16	24	0.485

The Company has issued 3,627,131 shares of its Series A Preferred Stock, and 5,487,471 shares of its Series B Preferred Stock. The Series A Preferred Stock and Series B Preferred Stock can be converted into shares of common stock on a one-to-one basis. There is no established public trading market for either the Series A Preferred Stock or the Series B Preferred Stock. All of the outstanding shares of the Series A Preferred Stock are held by Security Capital Preferred Growth Incorporated. All of the outstanding shares of the Series B Preferred Stock are held by Ontario Teachers' Pension Plan Board. The Series A Preferred Stock and Series B Preferred Stock were issued on February 25, 1998 and June 16, 1998, respectively. The following table shows the dividends per share of preferred stock declared and paid by quarter. No dividends will be declared or paid on any class of common or other junior stock to the extent that dividends on Series A Preferred Stock and Series B Preferred Stock have not been declared and/or paid.

Quarters Ended	Series A Preferred Stock Dividends Declared and Paid	Series B Preferred Stock Dividends Declared and Paid
March 31, 1998	N/A	N/A
June 30, 1998	$0.179	N/A
September 30, 1998	0.460	$0.071
December 31, 1998	0.485	0.485

On October 1, 1998, the Company issued 30,000 shares of common stock upon the redemption of 30,000 OP Units in a private placement to a limited partner of the Operating Partnership, an accredited investor, pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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 a 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 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 controlling ownership interest (Panorama Mall, North Valley Plaza, Broadway Plaza, Manhattan Village, SDG Macerich Properties, L.P. 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."

ITEM 6. SELECTED FINANCIAL DATA

	The Company						Predecessor
	1998	1997	1996	1995	Pro Forma as Reported for 1994	March 16 to Dec 31,1994	January 1 to Mar 15,1994
	(All amounts in thousands, except per share data)						
OPERATING DATA:							
Revenues:							
Minimum rents	$179,710	$142,251	$99,061	$69,253	$59,640	$48,663	$9,993
Percentage rents	12,856	9,259	6,142	4,814	4,906	3,681	851
Tenant recoveries	86,740	66,499	47,648	26,961	22,690	18,515	3,108
Management fee income (2)	-	-	-	-	-	-	528
Other	4,555	3,205	2,208	1,441	921	582	100
Total revenues	283,861	221,214	155,059	102,469	88,157	71,441	14,580
Shopping center expenses	89,991	70,901	50,792	31,580	28,373	22,576	4,891
Management, leasing and development services (2)	-	-	-	-	-	-	557
REIT general and administrative expenses	4,373	2,759	2,378	2,011	1,954	1,545	-
Depreciation and amortization	53,141	41,535	32,591	25,749	23,195	18,827	3,642
Interest expense	91,433	66,407	42,353	25,531	19,231	16,091	6,146
Income (loss) before minority interest, unconsolidated entities and extraordinary item	44,923	39,612	26,945	17,598	15,404	12,402	(656)
Minority interest (1)	(12,902)	(10,567)	(10,975)	(8,246)	(8,008)	(6,792)	-
Equity in income (loss) of unconsolidated joint ventures and management companies (2)	14,480	(8,063)	3,256	3,250	3,054	3,016	(232)
Gain on sale of assets	9	1,619	-	-	-	-	-
Extraordinary loss on early extinguishment of debt	(2,435)	(555)	(315)	(1,299)	-	-	-
Net income (loss)	44,075	22,046	18,911	11,303	10,450	8,626	(888)
Less preferred dividends	11,547	-	-	-	-	-	N/A
Net income (loss) available to common stockholders	$32,528	$22,046	$18,911	$11,303	$10,450	$8,626	($888)
Earnings per share - basic: (3)							
Income before extraordinary item	$1.14	$0.86	$0.92	$0.78	$0.72	$0.60	N/A
Extraordinary item	(0.08)	(0.01)	(0.01)	(0.05)	-	-	N/A
Net income per share - basic	$1.06	$0.85	$0.91	$0.73	$0.72	$0.60	N/A
Earnings per share - diluted: (3)(7)							
Income before extraordinary item	$1.11	$0.86	$0.90	$0.78	$0.72	$0.60	N/A
Extraordinary item	(0.05)	(0.01)	(0.01)	(0.05)	-	-	N/A
Net income per share - diluted	$1.06	$0.85	$0.89	$0.73	$0.72	$0.60	N/A

	The Company						Predecessor
	1998	1997	1996	1995	Pro Forma as Reported for 1994	March 16 to Dec 31,1994	January 1 to Mar 15,1994
	(All amounts in thousands except per share data and number of Centers)						
OTHER DATA:							
Funds from operations-diluted (4)	$120,518	$83,427	$62,428	$44,938	$39,343	$32,710	N/A
EBITDA (5)	$189,497	$147,554	$101,889	$68,878	$57,592	$47,320	N/A
Cash flows from (used in):							
Operating activities	$85,176	$78,476	$80,431	$48,186	N/A	$30,011	N/A
Investing activities	($761,147)	($215,006)	($296,675)	($88,413)	N/A	($137,637)	N/A
Financing activities	$675,960	$146,041	$216,317	$51,973	N/A	$99,584	N/A
Number of centers at year end	47	30	26	19	16	16	14
Weighted average number of shares outstanding - basic (6)	43,016	37,982	32,934	26,930	25,645	25,714	N/A
Weighted average number of shares outstanding - diluted (6)(7)	43,628	38,403	33,320	26,984	25,771	25,840	N/A
Cash distributions declared per common share	$1.865	$1.78	$1.70	$1.66	N/A	$0.87	N/A
FFO per share - diluted (4)	$2.426	$2.172	$1.874	$1.669	$1.534	N/A	N/A

	The Company				
	December 31,				
	1998	1997	1996	1995	1994
	(All amounts in thousands)				
BALANCE SHEET DATA:					
Investment in real estate (before accumulated depreciation)	$2,213,125	$1,607,429	$1,273,085	$ 833,998	$ 554,788
Total assets	$2,322,056	$1,505,002	$1,187,753	$ 763,398	$ 485,903
Total mortgage, notes and debentures payable	$1,507,118	$1,122,959	$ 789,239	$ 485,193	$ 313,632
Minority interest (1)	$ 165,524	$ 100,463	$ 112,242	$ 95,740	$ 72,376
Stockholders' equity	$ 577,413	$ 216,295	$ 237,749	$ 158,345	$ 86,939

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

(2) Unconsolidated joint ventures include all Centers in which the Company does not have a controlling ownership interest and the Management Companies. The Management Companies on a pro forma basis and after March 15, 1994 have been reflected using 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 or write-down of assets, 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. The computation of FFO - diluted and diluted average number of shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. Convertible debentures for the twelve month period ending December 31, 1998 are anti-dilutive and are not included. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 17, 1998, the Company sold $150 million of its Series B Preferred Stock. The preferred stock can be converted on a one-for-one basis for common stock. The preferred shares are not assumed converted for purposes of net income per share as they would be anti-dilutive to that calculation. The preferred shares are assumed converted for purposes of FFO-diluted per share as they are dilutive to that calculation.

(5) EBITDA represents earnings before interest, income taxes, depreciation, amortization, minority interest, equity in income (loss) of unconsolidated entities, extraordinary items, gain (loss) on sale of assets and preferred dividends. 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.

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

(7) 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 or write-down of assets, 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, equity in income (loss) of unconsolidated entities, extraordinary items, gain (loss) on sale of assets and preferred dividends. 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, 1998, 1997 and 1996. The following discussion compares the activity for the year ended December 31, 1998 to results of operations for 1997. Also included is a comparison of the activities for the year ended December 31, 1997 to the results for the year ended December 31, 1996. This information should be read in conjunction with the accompanying consolidated financial statements and notes thereto.

FORWARD-LOOKING STATEMENTS

This annual report on Form 10-K contains or incorporates statements that constitute forward-looking statements. Those statements appear in a number of places in this Form 10-K and include statements regarding, among other matters, the Company's growth and acquisition 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. Words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," and "should" and variations of these words and similar expressions, are used in many cases to identify these forward-looking statements. Stockholders are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks, uncertainties and other factors that may cause actual results, performance or achievements of the Company or industry results to vary materially from the Company's future results, performance or achievements, or those of the industry, expressed or implied in such forward-looking statements. Such factors include, among others, general industry economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of current and prospective tenants, lease rents, availability and cost of financing and operating expenses; adverse changes in the real estate markets including, among other things, competition with other companies, retail formats and technology, risks of real estate development and acquisition; governmental actions and initiatives; environmental and safety requirements; and Year 2000 compliance issues of the Company and third parties and related service interruptions or payment delays. The Company will not update any forward-looking information to reflect actual results or changes in the factors affecting the forward-looking information.

The following table reflects the Company's acquisitions in 1996, 1997 and 1998:

	Date Acquired	Location
"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
Pacific View (formerly known as 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 (*)	August 19, 1997	Manhattan Beach, California
The Citadel Mall	December 19, 1997	Colorado Springs, Colorado
Great Falls Marketplace	December 31, 1997	Great Falls, Montana
"1998 Acquisition Centers":		
ERE/Yarmouth Portfolio (*)	February 27, 1998	Twelve properties in eight states
South Plains Mall	June 19, 1998	Lubbock, Texas
Westside Pavilion	July 1, 1998	Los Angeles, California
Village at Corte Madera	June-July 1998	Corte Madera, California
Carmel Plaza	August 10, 1998	Carmel, California
Northwest Arkansas Mall	December 15, 1998	Fayetteville, Arkansas

(*) denotes the Company owns these Centers through a joint venture partnership.

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 1998, 1997 and 1996. Many factors impact the Company's ability to acquire additional properties including 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. Accordingly, management is uncertain whether during the balance of 1999, 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 1998, 1997 and 1996 Acquisition Centers. Pacific View (formerly known as Buenaventura Mall), Crossroads Mall-Boulder, Huntington Center and Parklane Mall are currently under redevelopment and are referred to herein as the "Redevelopment Centers." All other centers are referred to herein as the "Same Centers".

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 11 of its Centers. Montgomery Ward has indicated that it plans to cease operating at three of these locations. The Company is negotiating to recapture these locations and replace Montgomery Ward with another department store. Montgomery Ward has not yet disclosed whether they will cease to operate any of its eight remaining stores at the Centers. If Montgomery Ward ceases to operate any of its stores and the Company is unable to replace them with other tenants, it could have an adverse effect on a Center.

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 $2,322 million at December 31, 1998 compared to $1,505 million at December 31, 1997 and $1,188 million at December 31, 1996. During that same period, total liabilities increased from $838 million in 1996 to $1,188 million in 1997 and $1,579 million in 1998. These changes were primarily as a result of the 1996 and 1998 common stock offerings, the 1997 convertible debenture offering, the purchase of the 1998, 1997 and 1996 Acquisition Centers and related debt transactions.

A. EQUITY OFFERINGS

The Company sold 7,920,181 shares of its common stock in six offerings during 1998, raising $203.8 million of net proceeds.

On February 25, 1998, the Company issued 3,627,131 shares of its Series A Preferred Stock for net proceeds totaling $99.0 million.

On June 17, 1998, the Company issued 5,487,471 shares of its Series B Preferred Stock for net proceeds totaling $148.5 million.

The total net proceeds from the 1998 common and preferred stock offerings totaled $451.3 million. These proceeds were used for the 1998 acquisitions, reducing borrowings under the Company's line of credit and general corporate purposes.

B. ACQUISITIONS

On February 27, 1998, the Company, through a 50/50 joint venture with an affiliate of Simon Property 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 $974.5 million, which included $485.0 million of assumed debt, at market value. The Company's share of the cash component of the purchase price was funded by issuing $100.0 million of Series A Preferred Stock, $80.0 million of common stock and borrowing the balance from the Company's line of credit.

South Plains Mall was acquired on June 19, 1998. South Plains Mall is a 1,140,574 square foot super regional mall located in Lubbock, Texas. The purchase price was $115.5 million, consisting of $29.3 million of assumed debt, at fair market value, and $86.2 million of cash. The cash portion was funded with a portion of the proceeds from the Company's Series B Preferred Stock offering.

Westside Pavilion was acquired on July 1, 1998 for $170.5 million. Westside Pavilion is a 755,759 square foot regional mall located in Los Angeles, California. The purchase price was funded with a portion of the proceeds from the Company's Series B Preferred Stock offering, borrowings under the Company's line of credit and the placement of a ten year $100.0 million mortgage secured by the property.

The Village at Corte Madera is a 428,398 square foot regional mall in Corte Madera, California, which the Company acquired in two phases: (i) 40% on June 16, 1998 and (ii) the remaining 60% on July 24, 1998. In addition, Carmel Plaza, a 115,215 square foot community shopping center in Carmel, California was acquired on August 10, 1998. The combined purchase price was $165.5 million, consisting of $40.0 million of assumed debt, the issuance of $7.9 million of OP Units and $117.6 million in cash. The cash component was funded by borrowings under the Company's line of credit.

Northwest Arkansas Mall was acquired on December 15, 1998. Northwest Arkansas Mall is a 780,237 square foot regional mall located in Fayetteville, Arkansas. The purchase price of $94.0 million was funded by a concurrently placed loan of $63.0 million and borrowings of $31.0 million under the Company's line of credit.

On February 18, 1999, through a 51/49 joint venture with Ontario Teachers' Pension Plan Board, the Company closed on the first phase of a two phase acquisition of a portfolio of properties. The phase one closing included the acquisition of three regional malls, the retail component of a mixed-use development, five contiguous properties and two non-contiguous community shopping centers comprising approximately 3.6 million square feet for a total purchase price of approximately $427.0 million. The purchase price was funded with a $120.0 million loan placed concurrently with the closing, $140.4 million of debt from an affiliate of the seller, and $39.4 million of assumed debt. The balance of the purchase price was paid in cash. The Company's share of the cash component was funded with the proceeds from two refinancings of centers and borrowings under the Company's line of credit.

B. ACQUISITIONS, CONTINUED:

The second phase consists of the acquisition of the office component of the mixed-use development for a purchase price of approximately $115 million. The closing of the second phase is expected to occur in May 1999.

C. REFINANCINGS

On August 3, 1998, the Company, along with the joint venture partner, refinanced the debt secured by Broadway Plaza. The loan of $43.5 million was paid in full and a new note was issued for $75.0 million bearing interest at a fixed rate of 6.68% and maturing August 1, 2008.

On August 7, 1998, the Company refinanced the debt on Fresno Fashion Fair. A $38.0 million loan was paid in full and a new secured note was issued for $69.0 million bearing interest at a fixed rate of 6.52% and maturing August 10, 2008.

RESULTS OF OPERATIONS

COMPARISON OF YEARS ENDED DECEMBER 31, 1998 AND 1997

REVENUES

Minimum and percentage rents increased by 27% to $192.6 million in 1998 from $151.5 million in 1997. Approximately $18.9 million of the increase resulted from the 1997 Acquisition Centers, $18.8 million resulted from the 1998 Acquisition Centers and $5.0 million of the increase was attributable to the Same Centers. These increases were partially offset by revenue decreases at the Redevelopment Centers of $1.6 million in 1998.

Tenant recoveries increased to $86.7 million in 1998 from $66.5 million in 1997. The 1998 and 1997 Acquisition Centers generated $17.7 million of this increase and $2.2 million of the increase was from the Same Centers.

Other income increased to $4.5 million in 1998 from $3.2 million in 1997. Approximately $0.6 million of the increase related to the 1998 and 1997 Acquisition Centers, $0.7 million of the increase was attributable to the Same Centers and the Redevelopment Centers.

EXPENSES

Shopping center expenses increased to $90.0 million in 1998 compared to $70.9 million in 1997. Approximately $17.3 million of the increase resulted from the 1998 and 1997 Acquisition Centers. The other Centers had a net increase of $1.8 million in shopping center expenses resulting primarily from increased property taxes and recoverable expenses.

General and administrative expenses increased to $4.4 million in 1998 from $2.8 million in 1997 primarily due to the accounting change required by EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions," which requires the expensing of internal acquisition costs. Previously in accordance with GAAP, certain internal acquisition costs were capitalized. The increase is also attributable to higher executive and director compensation expense.

INTEREST EXPENSE

Interest expense increased to $91.4 million in 1998 from $66.4 million in 1997. This increase of $25.0 million is primarily attributable to the acquisition activity in 1997 and 1998, which was partially funded with secured debt and borrowings under the Company's line of credit. In addition, in June and July of 1997, the Company issued $161.4 million of convertible debentures, which contributed to $5.7 million of this increase.

DEPRECIATION AND AMORTIZATION

Depreciation increased to $53.1 million from $41.5 million in 1997. This increase relates primarily to the 1997 and 1998 Acquisition Centers.

MINORITY INTEREST

The minority interest represents the 28.4% weighted average interest of the Operating Partnership that was not owned by the Company during 1998. This compares to 31.8% not owned by the Company during 1997.

INCOME (LOSS) FROM UNCONSOLIDATED JOINT VENTURES AND MANAGEMENT COMPANIES

The income from unconsolidated joint ventures and the Management Companies was $14.5 million for 1998, compared to a loss of $8.1 million in 1997. A total of $14.5 million of the change is attributable to the 1998 acquisition of the ERE/Yarmouth portfolio. Also, in 1997, there was a write-down and loss of $10.5 million on the sale of North Valley Plaza.

GAIN ON SALE OF ASSETS

During 1997, the Company sold a parcel of land for a net gain of $1.6 million compared to a minimal amount of gain on sale recognized in 1998.

EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT

In 1998, the Company wrote off $2.4 million of unamortized financing costs, compared to $0.6 million written off in 1997.

NET INCOME AVAILABLE TO COMMON STOCKHOLDERS

As a result of the foregoing, net income available to common stockholders increased to $32.5 million in 1998 from $22.0 million in 1997.

OPERATING ACTIVITIES

Cash flow from operations was $85.2 million in 1998 compared to $78.4 million in 1997. The increase resulted from the factors discussed above, primarily the impact of the 1997 and 1998 Acquisition Centers.

INVESTING ACTIVITIES

Cash flow used in investing activities was $761.1 million in 1998 compared to $215.0 million in 1997. The change resulted primarily from the higher volume of acquisition activity completed in 1998 compared to 1997.

FINANCING ACTIVITIES

Cash flow from financing activities was $676.0 million in 1998 compared to $146.0 million in 1997. The increase resulted from the offerings of 7,920,181 shares of common stock, 3,627,131 shares of Series A Preferred Stock and 5,487,471 shares of Series B Preferred Stock completed in 1998. No equity was raised in 1997.

EBITDA AND FUNDS FROM OPERATIONS

Primarily because of the factors mentioned above, EBITDA increased 28% to $189.5 million in 1998 from $147.6 million in 1997 and Funds from Operations - Diluted increased 44% to $120.5 million from $83.4 million in 1997.

COMPARISON OF YEARS ENDED DECEMBER 31, 1997 AND 1996

REVENUES

Minimum and percentage rents increased by 44% to $151.5 million in 1997 from $105.2 million in 1996. 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.

REVENUES, CONTINUED:

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 lower recoveries resulting from lower 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 June and July 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 represented 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 in 1997 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.

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 major redevelopments has been, and is expected to continue to be, obtained from equity or debt financings which include borrowings under the Company's line of credit and construction loans. However, many factors impact the Company's ability to access capital, such as its overall debt to market capitalization level, interest rates and interest coverage ratios. The Company currently is undertaking a $90 million redevelopment of Pacific View. See "Item 2. Properties." The Company has a bank construction loan agreement to fund $89.2 million of these construction costs.

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 public and private equity offerings, debt financings and/or joint ventures. During 1998 and 1999, the Company acquired two portfolios through joint ventures with another party. The Company believes such joint venture arrangements provide an attractive alternative to other forms of financing, particularly during periods when access to public capital markets is restricted by prevailing market conditions. See "Equity Offerings" and "Acquisitions."

The Company's total outstanding loan indebtedness at December 31, 1998 was $1.8 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 Company, 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 and preferred stock into common stock) ratio of approximately 56% at December 31, 1998. The Company's debt consists primarily of fixed-rate conventional mortgages payable secured by individual properties. See "Properties-Mortgage Debt" for a description of the Company's outstanding mortgage indebtedness.

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, common stock warrants or common stock rights. On February 18, 1998, the Company issued 1,052,650 shares and on February 23, 1998 an additional 1,826,484 shares were issued. On April 24, 1998, the Company issued 808,989 shares and an additional 967,256, 1,864, 802 and 1,400,000 shares were issued on April 29, 1998, May 29, 1998 and December 14, 1998, respectively. The aggregate offering price of these transactions was approximately $212.9 million, leaving approximately $287.1 million available under the shelf registration statement.

LIQUIDITY AND CAPITAL RESOURCES, CONTINUED:

The Company has an unsecured line of credit for up to $150.0 million. There was $137.0 million of borrowings outstanding at December 31, 1998.

At December 31, 1998, the Company had cash and cash equivalents available of $25.1 million.

YEAR 2000 READINESS DISCLOSURE

THE INFORMATION PROVIDED BELOW CONTAINS YEAR 2000 STATEMENTS AND IS A YEAR 2000 READINESS DISCLOSURE PURSUANT TO PUB. L. NO. 105-271.

YEAR 2000 ISSUES

The Year 2000 issue is the result of many existing computer programs and embedded technology using two digits rather than four to define the applicable year. The Company's computer equipment and software and devices with embedded technology that are time-sensitive may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in system failure or erroneous data which would cause disruptions of operations.

The Company has initiated a Year 2000 compliance program consisting of the following phases: (1) identification of Year 2000 issues; (2) assessment of Year 2000 compliance of systems; (3) remediation or replacement of non-compliant systems; (4) testing to verify compliance; and (5) contingency planning, as appropriate. This program includes a review of both information technology ("IT") and non-IT systems and is being supervised by the Company's Year 2000 team which consists of management as well as operational and IT staff members.

On February 18, 1999, the Company acquired several properties from various Safeco Corporation entities and is in the process of reviewing each property's Year 2000 readiness. Such review is anticipated to be completed by June 30, 1999. See "Recent Developments - Acquisitions". The following disclosure provides information regarding the Company's properties excluding those acquisition properties.

IT SYSTEMS

The Company has reviewed its core computer hardware systems and software programs to determine if such systems and programs will properly process dates in the Year 2000 and thereafter. Based on manufacturer or vendor information, the Company presently believes most of its critical computer hardware systems and software programs are substantially Year 2000 compliant. The Company is aware of one critical hardware system which needs a Year 2000 upgrade at a cost of approximately $13,100. The Company is currently conducting its own evaluation and testing to verify compliance of its critical hardware systems and software and expects to conclude such testing by June 1, 1999.

The most important software program to the Company's operations is its property management and accounting software. The Company has been advised by its independent software vendor that it has completed its evaluation, testing and modification of this program and the necessary changes have been completed to achieve Year 2000 compliance. The Company is conducting its own evaluation and testing to confirm this conclusion and expects to complete such testing by June 1, 1999.

The Company completed its assessment of the Year 2000 compliance of its non-critical computer hardware systems and software programs by its target date of December 31, 1998. Based on manufacturer or vendor information, the Company presently believes that substantially all of its non-critical hardware systems and software programs are Year 2000 compliant.

YEAR 2000 READINESS DISCLOSURE, CONTINED:

NON-IT SYSTEMS

Part of the Company's Year 2000 program also includes a review of the various operating systems of each of its portfolio properties and main offices. These systems typically include embedded technology which complicates the Company's Year 2000 efforts. Examples of these types of systems include energy management systems, telecommunication systems, elevators, security systems and copiers. The various operating systems have been assigned priorities based on the importance of the system to each property's operations and the potential impact of non-compliance. All of the Company's properties have substantially completed their initial assessment of each system and are verifying Year 2000 compliance through the manufacturers and/or vendors of the systems. Approximately 70% of the critical operating systems for which the Company has received information from manufacturers or vendors are substantially Year 2000 compliant as reported by such entities. Certain critical systems, 11 energy management systems, one telephone system, and one parking access computer software system, will need Year 2000 upgrades and the Company is in the process of obtaining such upgrades at an aggregate cost of approximately $50,000. Other non-compliant critical systems are being upgraded by the manufacturer at no cost to the Company or were previously scheduled for replacement or upgrades prior to January 1, 2000. With respect to approximately 20% of its critical operating systems, the Company has not received the necessary information to assess the Year 2000 compliance of such systems. The Company is contacting these manufacturers/ vendors to obtain the information necessary to complete its Year 2000 compliance assessment.

Each property is preparing recommendations regarding the remediation and testing phases. Remediation and testing recommendations and time lines are prepared based on the importance of each system to the property's operations and information received from the manufacturer/vendor. The Company plans to coordinate the testing phase with the manufacturers/vendors of the systems, as appropriate. The Company established June 1, 1999 as its target date to complete the remediation and testing phases for the critical operating systems at each property. The Company will need the cooperation of its manufacturers/vendors in providing information and testing assistance to meet this timeline for its critical operating systems. If such cooperation is not provided, completion of these phases will be delayed. The Company expects the Year 2000 program to continue beyond January 1, 2000 with respect to non-critical operating systems and issues.

MATERIAL THIRD PARTIES

The Company mailed surveys to its material vendors, utilities and tenants about their plans and progress in addressing the Year 2000 issue. Those entities surveyed include the utilities for each mall (i.e., electric, gas, water, telephone and waste management companies), the largest tenants of the Company based on the amount of their 1998 rent payments and certain Anchor tenants. As of this date, the Company has received responses from approximately 58% of those entities surveyed. Generally, the responses received state that the entity is in the process of addressing the Year 2000 compliance issues and expects to achieve compliance prior to January 1, 2000.

COSTS

Because the Company's assessment, remediation and testing efforts are ongoing, the Company is unable to estimate the actual costs of achieving Year 2000 compliance for its IT and non-IT systems. Based on information received from manufacturers/vendors, the Company presently anticipates that the assessment and remediation costs will not be material. As of December 31, 1998, the Company has not expended significant amounts since its evaluation of Year 2000 issues has been primarily conducted by its own personnel. The Company does not separately record the internal costs incurred for its Year 2000 compliance program. Such costs are primarily the related payroll costs for its personnel who are part of the Year 2000 program.

RISKS

As is true of most businesses, the Company is vulnerable to external forces that might generally effect industry and commerce, such as utility company Year 2000 compliance failures and related service interruptions. In addition, failure of information and operating systems of tenants may delay the payment of rent to the Company or impair their ability to operate. A formal contingency plan has not yet been developed for dealing with the most reasonably likely worst case scenario. The Company will continue to evaluate potential areas of risk and develop a contingency plan, as appropriate.

Based on currently available information, the Company believes that the Year 2000 issue will not pose significant operational problems for the Company. However, if all Year 2000 issues are not properly identified, or assessment, remediation and testing are not effected in a timely manner, there can be no assurance that the Year 2000 issue will not adversely affect the Company's results of operations or its relationships with tenants or other third parties. Additionally, there can be no assurance that the Year 2000 issues of third parties will not have an adverse impact on the Company's results of operations.

FUNDS FROM OPERATIONS

The Company believes that the most significant measure of its performance is FFO. FFO is defined by The National Association of Real Estate Investment Trusts ("NAREIT") to be: Net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from debt restructuring and sales or write-down of assets, 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. The following reconciles net income available to common stockholders to FFO:

	1998		1997	
	Shares	Amount	Shares	Amount
	(amounts in thousands)			
Net income - available to common stockholders		$32,528		$22,046
Adjustments to reconcile net income to FFO-basic:				
Minority interest		12,902		10,567
Loss on early extinguishment of debt		2,435		555
Gain on sale of wholly-owned assets		(9)		(1,619)
Loss on sale or write-down of assets from unconsolidated entities (pro rata)		143		10,400
Depreciation and amortization on wholly owned centers		53,141		41,535
Depreciation and amortization on joint ventures and from the management companies (pro rata)		10,879		2,312
Less: depreciation on personal property and amortization of loan costs and interest rate caps		(3,716)		(2,608)
FFO - basic (1)	43,016	$108,303	37,982	$83,188
Additional adjustment to arrive at FFO-diluted				
Impact of convertible preferred stock	6,058	11,547	N/A	N/A
Impact of stock options and restricted stock using the treasury method	612	668	421	239
Impact of convertible debentures		(n/a anti-dilutive)		
FFO - diluted (2)	49,686	$120,518	38,403	$83,427

FUNDS FROM OPERATIONS, CONTINUED:

(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 1998 assuming the conversion of all outstanding OP Units.

(2) The computation of FFO - diluted and diluted average number of shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. Convertible debentures for the twelve month period are anti-dilutive and are not included. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 17, 1998, the Company sold $150 million of its Series B Preferred Stock. The preferred stock can be converted on a one-for-one basis for common stock. The preferred shares are not assumed converted for purposes of net income per share as they would be anti-dilutive to that calculation. The preferred shares are assumed converted for purposes of FFO-diluted per share as they are dilutive to that calculation.

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 $3,814,000 for 1998, $3,599,000 for 1997 and $1,832,000 for 1996.

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.

SEASONALITY

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season when retailer occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve a substantial portion of their specialty (temporary retailer) rents during the holiday season. As a result of the above, earnings are generally highest in the fourth quarter of each year.

NEW PRONOUNCEMENTS ISSUED:

In March, 1998, the Financial Accounting Standards Board ("FASB"), through its Emerging Issues Task Force ("EITF"), concluded based on EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions," that all internal costs to source, analyze and close acquisitions should be expensed as incurred. The Company has historically capitalized these costs in accordance with GAAP. The Company has adopted the FASB's interpretation effective March 19,1998, and the impact was approximately $0.04 per share reduction of net income and FFO-diluted per share for 1998.

In May, 1998, the FASB, through the EITF, modified the timing of recognition of revenue for percentage rent received from tenants in EITF 98-9, "Accounting for Contingent Rent in Interim Financial Periods." The Company applied this accounting change as of April 1, 1998. The accounting change had the effect of deferring $1,792,000 of percentage rent in the second quarter of 1998 and $972,000 of percentage rent in the third quarter of 1998. During the fourth quarter of 1998, the FASB reversed EITF 98-9. Accordingly, the Company has resumed accounting for percentage rent on the accrual basis. The effect of these changes was that approximately $2,764,000 was deferred from the second and third quarters of 1998 to the fourth quarter of 1998.

NEW PRONOUNCEMENTS ISSUED, CONTINUED:

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for the Company's financial statements for periods beginning January 1, 2000. The new standard requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives will be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. The Company has not yet determined when it will implement SFAS 133 nor has it completed the complex analysis required to determine the impact on its financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's primary market risk exposure is interest rate risk. The Company has managed and will continue to manage interest rate risk by (1) maintaining a conservative ratio of fixed rate, long-term debt to total debt such that variable rate exposure is kept at an acceptable level, (2) reducing interest rate exposure on certain long-term variable rate debt through the use of interest rate caps with appropriately matching maturities, (3) using treasury rate locks where appropriate to fix rates on anticipated debt transactions, and (4) taking advantage of favorable market conditions for long-term debt and/or equity.

The following table sets forth information as of December 31, 1998 concerning the Company's long term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value ("FV").

	For the Year Ended December 31, (dollars in thousands)						
	1999	2000	2001	2002	2003	Thereafter	Total	FV
Long term debt:								
Fixed rate	$10,670	$8,159	$107,461	$10,302	$99,832	$822,194	$1,058,618	$1,121,753
Average interest rate	7.30%	7.30%	7.26%	7.26%	7.20%	7.20%	7.20%	-
Fixed rate - Debentures	-	-	-	161,400	-	-	161,400	155,719
Average interest rate	-	-	-	7.25%	-	-	7.25%	-
Variable rate	150,100	-	137,000	-	-	-	287,100	287,100
Average interest rate	6.76%	-	6.79%	-	-	-	6.77%	-
Total debt - Wholly owned Centers	$160,770	$8,159	$244,461	$171,702	$99,832	$822,194	$1,507,118	$1,564,572
Joint Venture Centers: (at Company's pro rata share)								
Fixed rate	$7,202	-	-	-	-	$197,740	$204,942	$205,828
Average interest rate	8.89%	-	-	-	-	6.50%	7.20%	-
Variable rate	-	-	-	-	92,500	-	92,500	92,500
Average interest rate	-	-	-	-	6.15%	-	6.15%	-
Total debt - All Centers	$167,972	$8,159	$244,461	$171,702	$192,332	$1,019,934	$1,804,560	$1,862,900

Of the total variable rate debt maturing in 1999, $65.1 million was paid in full on February 4, 1999, and refinanced with a new $100 million fixed rate loan at an interest rate of 6.74%. The Company is currently in negotiations to refinance the remaining $85.0 million maturing in 1999 with fixed rate debt. The $137.0 million of variable debt maturing in 2001 represents the outstanding borrowings under the Company's credit facility. The credit facility matures in February 2000, with a one year option to extend the maturity date to February 2001. The table reflects the Company extending the maturity date to February 2001.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK, CONTINUED:

In addition, the Company has assessed the market risk for its variable rate debt and believes that a 1% increase in interest rates would decrease future earnings and cash flows by approximately $3.8 million per year based on $379.6 million outstanding at December 31, 1998.

The fair value of the Company's long term debt is estimated based on discounted cash flows at interest rates that management believes reflects the risks associated with long term debt of similar risk and duration.

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 ON 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 1999 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 1999 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 1999 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 1999 Annual Meeting of Stockholders.

PART IV

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

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K, CONTINUED:

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 (the "Company") as listed in Items 14(a)(1) and (3) 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 statements and financial statement schedule based on our audits. We did not audit the financial statements of SDG Macerich Properties, L.P. (the "Partnership") the investment in which is reflected in the accompanying consolidated financial statements using the equity method of accounting. The investment in the Partnership represents approximately 10% of 1998 consolidated total assets of the Company, and the equity in its net income represents approximately 33% of the Company's 1998 consolidated net income. Those statements were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for the Partnership, is based solely on the report of the other auditors.

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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Macerich Company as of December 31, 1998 and 1997, and the consolidated results of its operations and its cash flows for the years ended December 31, 1998, 1997 and 1996, 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.

PricewaterhouseCoopers LLP

Los Angeles, California
March 17, 1999

THE MACERICH COMPANY
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	December 31,	
	1998	1997
ASSETS:		
Property, net	$1,966,845	$1,407,179
Cash and cash equivalents	25,143	25,154
Tenant receivables, including accrued overage rents of $5,917 in 1998 and $4,330 in 1997	37,373	23,696
Due from affiliates	-	3,105
Deferred charges and other assets, net	62,673	37,899
Investments in joint ventures and the Management Companies	230,022	7,969
Total assets	$2,322,056	$1,505,002
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$134,625	$135,313
Others	1,074,093	771,246
Total	1,208,718	906,559
Bank notes payable	137,000	55,000
Convertible debentures	161,400	161,400
Accounts payable and accrued expenses	27,701	17,335
Due to affiliates	2,953	15,109
Other accrued liabilities	36,927	32,841
Preferred stock dividend payable	4,420	-
Total liabilities	1,579,119	1,188,244
Minority interest in Operating Partnership	165,524	100,463
Commitments and contingencies (Note 11)		
Stockholders' equity:		
Series A cumulative convertible redeemable preferred stock, $.01 par value, 3,627,131 and 0 shares authorized, issued and outstanding at December 31, 1998 and December 31, 1997, respectively	36	-
Series B cumulative convertible redeemable preferred stock, $.01 par value, 5,487,471 and 0 shares authorized, issued and outstanding at December 31, 1998 and December 31, 1997, respectively	55	-
Common stock, $.01 par value, 100,000,000 shares authorized, 33,901,963 and 26,004,800 shares issued and outstanding at December 31, 1998 and 1997, respectively	338	260
Additional paid in capital	581,508	219,121
Accumulated earnings	-	-
Unamortized restricted stock	(4,524)	(3,086)
Total stockholders' equity	577,413	216,295
Total liabilities and stockholders' equity	$2,322,056	$1,505,002

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,		
	1998	1997	1996
REVENUES:			
Minimum rents	$179,710	$142,251	$99,061
Percentage rents	12,856	9,259	6,142
Tenant recoveries	86,740	66,499	47,648
Other	4,555	3,205	2,208
Total revenues	283,861	221,214	155,059
EXPENSES:			
Shopping center expenses	89,991	70,901	50,792
General and administrative expense	4,373	2,759	2,378
	94,364	73,660	53,170
Interest expense:			
Related parties	10,224	10,287	10,172
Others	81,209	56,120	32,181
Depreciation and amortization	53,141	41,535	32,591
	144,574	107,942	74,944
Equity in income (loss) of unconsolidated joint ventures and the management companies	14,480	(8,063)	3,256
Gain on sale of assets	9	1,619	-
Income before minority interest and extraordinary item	59,412	33,168	30,201
Extraordinary loss on early extinguishment of debt	(2,435)	(555)	(315)
Income of the Operating Partnership	56,977	32,613	29,886
Less minority interest in net income of the Operating Partnership	12,902	10,567	10,975
Net income	44,075	22,046	18,911
Less preferred dividends	11,547	-	-
Net income available to common stockholders	$32,528	$22,046	$18,911
Earnings per common share - basic:			
Income before extraordinary item	$1.14	$0.86	$0.92
Extraordinary item	(0.08)	(0.01)	(0.01)
Net income - available to common stockholders	$1.06	$0.85	$0.91
Weighted average number of common shares outstanding - basic	30,805,000	25,891,000	20,781,000
Weighted average number of common shares outstanding - basic, assuming full conversion of operating units outstanding	43,016,000	37,982,000	32,934,000
Earnings per common share - diluted:			
Income before extraordinary item	$1.11	$0.86	$0.90
Extraordinary item	(0.05)	(0.01)	(0.01)
Net income - available to common stockholders	$1.06	$0.85	$0.89
Weighted average number of common shares outstanding - diluted for EPS	43,628,000	38,403,000	33,320,000

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

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

	Common Stock (# shares)	Preferred Stock (# of shares)	Common Stock Par Value	Preferred Stock Par Value	Additional Paid In Capital
Balance December 31, 1995	19,977,000	-	$200	-	$158,145
Common stock issued to public	5,750,000		57		122,129
Issuance costs					(152)
Issuance of restricted stock	41,238				854
Unvested restricted stock	(41,238)				
Exercise of stock options	16,000				291
Distributions paid ($1.70 per share)					(17,565)
Net income					
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership					(25,356)
Balance December 31, 1996	25,743,000	-	257	-	238,346
Issuance costs					(352)
Issuance of restricted stock	89,958				2,471
Unvested restricted stock	(89,958)				
Restricted stock vested in 1997	8,248				
Exercise of stock options	253,552		3		2,410
Distributions paid ($1.78 per share)					(24,061)
Net income					
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership					307
Balance December 31, 1997	26,004,800	-	260	-	219,121
Common stock issued to public	7,828,124		78		214,562
Preferred stock issued		9,114,602		$91	249,909
Issuance costs					(13,813)
Issuance of restricted stock	83,018				2,383
Unvested restricted stock	(83,018)				
Restricted stock vested in 1998	26,039				
Exercise of stock options	43,000				839
Distributions paid ($1.865) per share					(24,464)
Net income					
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership					(67,029)
Balance December 31, 1998	33,901,963	9,114,602	$338	$91	$581,508

	Accumulated Earnings	Unamortized Restricted Stock	Total Stockholders' Equity
Balance December 31, 1995	-	-	$158,345
Common stock issued to public			122,186
Issuance costs			(152)
Issuance of restricted stock			854
Unvested restricted stock		($854)	(854)
Exercise of stock options			291
Distributions paid ($1.70 per share)	($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)
Balance December 31, 1996	-	(854)	237,749
Issuance costs			(352)
Issuance of restricted stock			2,471
Unvested restricted stock		(2,471)	(2,471)
Restricted stock vested in 1997		239	239
Exercise of stock options			2,413
Distributions paid ($1.78 per share)	(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

Balance December 31, 1997	-	(3,086)	216,295
Common stock issued to public			214,640
Preferred stock issued			250,000
Issuance costs			(13,813)
Issuance of restricted stock			2,383
Unvested restricted stock		(2,383)	(2,383)
Restricted stock vested in 1998		945	945
Exercise of stock options			839
Distributions paid ($1.865) per share	(32,528)		(56,992)
Net income	32,528		32,528
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			(67,029)
Balance December 31, 1998	-	($4,524)	$577,413

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

THE MACERICH COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	JANUARY 1, 1998 TO DECEMBER 31, 1998	JANUARY 1, 1997 TO DECEMBER 31, 1997	JANUARY 1, 1996 TO DECEMBER 31, 1996
Cash flows from operating activities:			
Net income - available to common stockholders	$32,528	$22,046	$18,911
Preferred dividends	11,547	-	-
Net income	44,075	22,046	18,911
Adjustments to reconcile net income to net cash provided by operating activities:			
Extraordinary loss on early extinguishment of debt	2,435	555	315
Gain on sale of assets	(9)	(1,619)	-
Depreciation and amortization	53,141	41,535	32,591
Amortization of (premium) discount on trust deed note payable	(635)	33	33
Minority interest in the net income of the Operating Partnership	12,902	10,567	10,975
Changes in assets and liabilities:			
Tenant receivables, net	(13,677)	(504)	(7,977)
Other assets	(19,772)	(10,899)	1,181
Accounts payable and accrued expenses	10,366	1,938	6,596
Due to affiliates	(12,156)	14,679	(382)
Other liabilities	4,086	145	18,188
Accrued preferred stock dividend	4,420	-	-
Total adjustments	41,101	56,430	61,520
Net cash provided by operating activities	85,176	78,476	80,431
Cash flows from investing activities:			
Acquisitions of property and improvements	(481,735)	(199,729)	(277,319)
Renovations and expansions of centers	(40,545)	(12,929)	(8,019)
Additions to tenant improvements	(5,383)	(2,599)	(920)
Deferred charges	(14,536)	(12,542)	(9,111)
Equity in (income) loss of unconsolidated joint ventures and the management companies	(14,480)	8,063	(3,256)
Distributions from joint ventures	32,623	8,181	4,107
Contributions to joint ventures	(240,196)	(7,783)	-
Loans to affiliates	3,105	-	(3,105)
Proceeds from sale of assets	-	4,332	948
Net cash used in investing activities	(761,147)	(215,006)	(296,675)
Cash flows from financing activities:			
Proceeds from mortgages, notes and debentures payable	480,348	331,400	235,673
Payments on mortgages and notes payable	(165,671)	(119,515)	(84,775)
Net proceeds from equity offerings	450,828	-	122,034
Dividends and distributions	(77,998)	(65,844)	(56,615)
Dividends to preferred shareholders	(11,547)	-	-
Net cash provided by financing activities	675,960	146,041	216,317
Net (decrease) increase in cash	(11)	9,511	73
Cash and cash equivalents, beginning of period	25,154	15,643	15,570
Cash and cash equivalents, end of period	$25,143	$25,154	$15,643
Supplemental cash flow information:			
Cash payment for interest, net of amounts capitalized	$89,543	$65,475	$40,572
Non-cash transactions:			
Acquisition of property by assumption of debt	$70,116	$121,800	$152,228
Acquisition of property by issuance of OP Units	$7,917	-	$600

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 78% 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 are redeemable, subject to certain restrictions, on a one-for-one basis, for the Company's common stock or cash at the Company's option.

The Company was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. The 22% limited partnership interest of the Operating Partnership not owned by the Company is reflected in these financial statements as minority interest.

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 "Investments 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 $5,954 at December 31, 1998 and $5,810 at December 31, 1997.

TENANT RECEIVABLES:

Included in tenant receivables are allowance for doubtful accounts of $1,707 and $1,303 at December 31, 1998 and 1997, respectively.

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 $3,814 in 1998, $3,599 in 1997 and $1,832 in 1996 due to the straight lining of rent adjustment. Percentage rents are 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, redevelopment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

PROPERTY:

Costs related to the redevelopment, 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:

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

The Company assesses whether there has been an impairment in the value of its long-lived 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 an impairment loss if the income stream is 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 such impairment has occurred in its net property carrying values at December 31, 1998.

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	1 - 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.

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 $1.865 paid during 1998 represented $1.12 of ordinary income and $0.745 of return of capital and the distributions of $1.78 per share during 1997 represented $0.96 of ordinary income and $0.82 return of capital. During 1996, the distributions were $1.70 per share of which $1.14 was ordinary income and $0.56 was return of capital.

Each partner is taxed individually on its 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

RECLASSIFICATIONS:

Certain reclassifications have been made to the 1996 and 1997 consolidated financial statements to conform to the 1998 financial statement presentation.

ACCOUNTING PRONOUNCEMENTS:

In March 1998, the Financial Accounting Standards Board ("FASB"), through its Emerging Issues Task Force ("EITF"), concluded based on EITF 97-11, "Accounting for Internal Costs Relating to Real Estate Property Acquisitions," that all internal costs to source, analyze and close acquisitions should be expensed as incurred. The Company has historically capitalized these costs, in accordance with generally accepted accounting principles ("GAAP"). The Company has adopted the FASB's interpretation effective March 19, 1998, and the impact was an approximate $.04 per share reduction in net income diluted per share for 1998.

In May 1998, the FASB, through the EITF, modified the timing of recognition of revenue for percentage rent received from tenants in EITF 98-9, "Accounting for Contingent Rent in Interim Financial Periods." The Company applied this accounting change as of April 1, 1998. The accounting change had the effect of deferring $1,792 of percentage rent in the second quarter of 1998 and $972 of percentage rent in the third quarter of 1998. During the fourth quarter of 1998, the FASB reversed EITF 98-9. Accordingly, the Company has resumed accounting for percentage rent on the accrual basis. The effect of these changes was that approximately $2,764 was deferred from the second and third quarters of 1998 to the fourth quarter of 1998.

In June 1998, the FASB issued SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which will be effective for the Company's consolidated financial statements for periods beginning January 1, 2000. The new standard requires companies to record derivatives on the balance sheet, measured at fair value. Changes in the fair values of those derivatives will be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. The key criterion for hedge accounting is that the hedging relationship must be highly effective in achieving offsetting changes in fair value or cash flows. The Company has not yet determined when it will implement SFAS 133 nor has it completed the complex analysis required to determine the impact on its consolidated financial statements.

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 consolidated 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 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 parties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

FAIR VALUE OF FINANCIAL INSTRUMENTS, CONTINUED:

The Company periodically enters into treasury lock agreements in order to hedge its exposure to interest rate fluctuations on anticipated financings. Under these agreements, the Company pays or receives an amount equal to the difference between the treasury lock rate and the market rate on the date of settlement, based on the notional amount of the hedge. The realized gain or loss on the contracts is recorded on the balance sheet, in other assets, and amortized to interest expense over the period of the hedged loans. At December 31,1998, the Company had one unsettled treasury lock for a notional amount of $140,000. As of December 31, 1998, the treasury lock rate was higher than the market rate resulting in an unrealized hedge liability of approximately $5,935, which has been accrued at December 31, 1998.

EARNINGS PER SHARE ("EPS"):

During 1998, the Company implemented SFAS No. 128, "Earnings per share." 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, 1998, 1997 and 1996. 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 and convertible preferred stock were not included in the calculation as the effect of their inclusion would be antidilutive. The OP Units not held by the Company have been included in the diluted EPS calculation since they are redeemable on a one-for-one basis. The following table reconciles the basic and diluted earnings per share calculation:

	For the years ended (In thousands, except per share data)								
	1998			1997			1996		
	Net Income	Shares	Per Share	Net Income	Shares	Per Share	Net Income	Shares	Per Share
Net income	$44,075	30,805		$22,046	25,891		$18,911	20,781	
Less: Preferred stock dividends	11,547			-			-		
Basic EPS:									
Net income - available to common stockholders	$32,528	30,805	$1.06	$22,046	25,891	$0.85	$18,911	20,781	$0.91
Dilted EPS:									
Conversion of OP units	12,902	12,211		10,567	12,091		10,975	12,153	
Employee stock options and restricted stock	668	612		239	421		-	386	
Convertible preferred stock	n/a - antidultive for EPS			N/A			N/A		
Convertible debentures	n/a - antidilutive			n/a - antidilutive			N/A		
Net income - available to common stockholders	$46,098	43,628	$1.06	$32,852	38,403	$0.85	$29,886	33,320	$0.89

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

CONCENTRATION OF RISK:

The Company maintains its cash accounts in a number of commercial banks. Accounts at these banks are guaranteed by the Federal Deposit Insurance Corporation ("FDIC") up to $100. At various times during the year, the Company had deposits in excess of the FDIC insurance limit.

Lakewood Mall generated 10.5% of total shopping center revenues in 1997 and 16% in 1996. Queens Center accounted for 13.8% of total shopping center revenues in 1996. No Center generated more than 10% of shopping center revenues during 1998.

The Centers derived approximately 89.9% and 89.5% of their total rents for the year ended December 31, 1998 and 1997, respectively, from Mall and Freestanding Stores. The Limited represented 6.1% and 7.6% of total minimum rents in place as of December 31, 1998 and 1997, respectively, and no other retailer represented more than 4.5% and 4.6% of total minimum rents as of December 31, 1998 and 1997, respectively.

MANAGEMENT ESTIMATES:

The preparation of financial statements in conformity with GAAP 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 initiated a Year 2000 compliance program consisting of the following phases: (1) identification of Year 2000 issues; (2) assessment of Year 2000 compliance of systems; (3) remediation or replacement of non-compliant systems; (4) testing to verify compliance; and (5) contingency planning, as appropriate. The Company is in the process of assessing, remediating and testing both its information technology ("IT") and non-IT systems. Because the Company's assessment, remediation and testing efforts are ongoing, the Company is unable to estimate the actual costs of achieving Year 2000 compliance for its IT and non-IT systems. As of December 31, 1998, the Company has not expended significant amounts since its evaluation of Year 2000 issues has been primarily conducted by its own personnel. The Company is also surveying its material vendors, utilities and tenants about their plans and progress in addressing the Year 2000 issue.

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, 1998 is as follows:

Joint Venture	The Operating Partnership's Ownership %
Macerich Northwestern Associates	50%
Manhattan Village, LLC	10%
Panorama City Associates	50%
SDG Macerich Properties, L.P.	50%
West Acres Development	19%

The Operating Partnership also owns the non-voting preferred stock of the Macerich Management Company and Macerich Property Management Company and is entitled to receive 95% of the distributable cash flow of these two entities. Macerich Manhattan Management Company is a 100% subsidiary of Macerich Management Company. The Company accounts for the Management Companies and joint ventures using the equity method of accounting.

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

On February 27, 1998, the Company, through a 50/50 joint venture, SDG Macerich Properties, L.P., acquired a portfolio of twelve regional malls. The total purchase price was $974,500 including the assumption of $485,000 in debt, at market value. The Company funded its 50% of the remaining purchase price by issuing 3,627,131 shares of Series A cumulative convertible preferred stock ("Series A Preferred Stock") for gross proceeds totaling $100,000 in a private placement. The Company also issued 2,879,134 shares of common stock ($79,600 of total proceeds) under the Company's shelf registration statement. The balance of the purchase price was funded from the Company's line of credit. Each of the joint venture partners have assumed leasing and management responsibilities for six of the regional malls.

On August 19, 1997, the Company acquired a 10% interest in the joint venture that acquired Manhattan Village Shopping Center ("Manhattan Village") in Manhattan Beach, California.

The results of these joint ventures are included for the period subsequent to their respective dates of 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.

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

	December 31, 1998	December 31, 1997
Assets:		
Properties, net	$1,141,984	$153,856
Other assets	38,103	10,013
Total assets	$1,180,087	$163,869
Liabilities and partners' capital:		
Mortgage notes payable	$618,384	$84,342
Other liabilities	42,048	6,563
The Company's capital	230,022	7,969
Outside partners' capital	289,633	64,995
Total liabilities and partners' capital	$1,180,087	$163,869

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

	For the years ended December 31, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	$115,426	$34,345	$7,091	$156,862
Expenses:				
Management Company expense	-	-	10,122	10,122
Shopping center expenses	42,594	8,956	-	51,550
Interest	26,432	7,129	(398)	33,163
Depreciation and amortization	17,383	4,288	787	22,458
Total operating costs	86,409	20,373	10,511	117,293
Gain (loss) on sale or write down of assets	29	140	(198)	(29)
Net income (loss)	$29,046	$14,112	($3,618)	$39,540

	For the years ended December 31, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	-	$32,482	$4,163	$36,645
Expenses:				
Management Company expense	-	-	4,738	4,738
Shopping center expenses	-	11,952	-	11,952
Interest	-	6,361	(204)	6,157
Depreciation and amortization	-	4,600	392	4,992
Total operating costs	-	22,913	4,926	27,839
Gain (loss) on sale or write down of assets	-	(20,491)	184	(20,307)
Net income (loss)	-	($10,922)	($579)	($11,501)

	For the years ended December 31, 1996			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	-	$27,059	$4,474	$31,533
Expenses:				
Management Company expense	-	-	4,293	4,293
Shopping center expenses	-	9,598	-	9,598
Interest	-	6,415	(6)	6,409
Depreciation and amortization	-	4,252	154	4,406
Total operating costs	-	20,265	4,441	24,706
Gain (loss) on sale or write down of assets	-	581	-	581
Net income (loss)	-	$7,375	$33	$7,408

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 affiliates of Northwestern Mutual Life ("NML") of $74,612, $43,500 and $43,500 for the years ended December 31, 1998, 1997 and 1996, respectively. NML is considered a related party because they are a joint venture partner with the Company in Macerich Northwestern Associates. Interest expense incurred on these borrowings amounted to $3,786, $2,974 and $2,974 for the years ended December 31, 1998, 1997 and 1996, respectively.

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

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, 1998			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	$57,713	$9,394	$6,736	$73,843
Expenses:				
Management Company expense	-	-	9,616	9,616
Shopping center expenses	21,297	2,065	-	23,362
Interest	13,216	2,525	(378)	15,363
Depreciation and amortization	8,692	1,439	748	10,879
Total operating costs	43,205	6,029	9,986	59,220
Gain (loss) on sale or write down of assets	15	30	(188)	(143)
Net income (loss)	$14,523	$3,395	($3,438)	$14,480

	For the years ended December 31, 1997			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	-	$11,197	$3,955	$15,152
Expenses:				
Management Company expense	-	-	4,328	4,328
Shopping center expenses	-	4,238	-	4,238
Interest	-	2,129	(192)	1,937
Depreciation and amortization	-	1,940	372	2,312
Total operating costs	-	8,307	4,508	12,815
Gain (loss) on sale or write down of assets	-	(10,400)	-	(10,400)
Net income (loss)	-	($7,510)	($553)	($8,063)

	For the years ended December 31, 1996			
	SDG Macerich Properties, L.P.	Other Joint Ventures	Management Companies	Total
Revenues	-	$11,061	$3,919	$14,980
Expenses:				
Management Company expense	-	-	3,747	3,747
Shopping center expenses	-	3,856	-	3,856
Interest	-	2,141	(6)	2,135
Depreciation and amortization	-	1,950	146	2,096
Total operating costs	-	7,947	3,887	11,834
Gain (loss) on sale or write down of assets	-	110	-	110

Net income (loss)	-	$3,224	$32	$3,256

4. PROPERTY:

Property is summarized as follows:

	December 31,	
	1998	1997
Land	$422,592	$313,050
Building improvements	1,684,188	1,235,459
Tenant improvements	47,808	38,097
Equipment & furnishings	9,097	7,576
Construction in progress	49,440	13,247
	2,213,125	1,607,429
Less, accumulated depreciation	(246,280)	(200,250)
	$1,966,845	$1,407,179

Depreciation expense for the years ended December 31, 1998 and 1997 was $46,041 and $35,835, respectively.

5. DEFERRED CHARGES AND OTHER ASSETS:

Deferred charges and other assets are summarized as follows:

	December 31,	
	1998	1997
Leasing	$30,338	$28,101
Financing	19,137	14,396
	49,475	42,497
Less, accumulated amortization	(20,108)	(18,127)
	29,367	24,370
Other assets	33,306	13,529
	$62,673	$37,899

6. MORTGAGE NOTES PAYABLE:

Mortgage notes payable at December 31, 1998 and December 31, 1997 consist of the following:

Property Pledged As Collateral	Carrying Amount of Notes 1998 Other	1998 Related Party	1997 Other	1997 Related Party	Interest Rate	Payment Terms	Maturity Date
Capitola Mall	--	$37,345	--	$37,675	9.25%	316(d)	2001
Carmel Plaza (k)	$25,000	--	--	--	7.54%	interest only	1999
Chesterfield Towne Center	65,064	--	$65,708	--	9.07%	548(e)	2024
Chesterfield Towne Center	3,266	--	3,359	--	8.54%	31(d)	1999
Citadel	74,575	--	75,600	--	7.20%	554(d)	2008
Corte Madera, Village at (k)	60,000	--	--	--	7.28%	interest only	1999
Crossroads Mall-Boulder (a)	--	35,280	--	35,638	7.08%	244(d)	2010
Fresno Fashion Fair (j)	69,000	--	38,000	--	6.52%	interest only	2008
Greeley Mall	17,055	--	17,815	--	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
Northwest Arkansas Mall	63,000	--	--	--	7.33%	434(d)	2009
Parklane Mall	--	20,000	--	20,000	6.75%	interest only	2001
Queens Center	65,100	--	65,100	--	(f)	interest only	1999
Rimrock Mall	31,002	--	31,517	--	7.70%	244(d)	2003
South Plains Mall	28,795	--	--	--	6.3%(i)	348(d)	2008
South Towne Center (g)	64,000	--	65,000	--	6.61%	interest only	2008
Valley View Center	51,000	--	51,000	--	7.89%	interest only	2006
Villa Marina Marketplace	58,000	--	58,000	--	7.23%	interest only	2006
Vintage Faire Mall (h)	54,522	--	55,433	--	7.65%	427(d)	2003
Westside Pavilion	100,000	--	--	--	6.67%	interest only	2008
Total	$1,074,093	$134,625	$771,246	$135,313			
Weighted average interest rate at December 31, 1998					7.24%		
Weighted average interest rate at December 31, 1997					7.42%		

(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, 1998 and December 31, 1997 the unamortized discount was $397 and $430, respectively.

(b) This loan is cross collateralized by Green Tree Mall, Crossroads Mall-Oklahoma and the Centre at 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 the Company to deposit all cash flow from the property operations with a trustee to meet its obligations 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, 1998 and at 1997.

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

6. MORTGAGE NOTES PAYABLE, CONTINUED:

(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 $387 for the year ended December 31, 1998 and $98 for the year ended December 31, 1997.

(f) This loan bore interest at LIBOR plus 0.45%. There was 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 of 7.07% through 1997 and 7.7% thereafter. This loan was paid in full on February 4, 1999 and refinanced with a new loan of $100,000, with interest at 6.74%, maturing in 2009.

(g) At December 31, 1997, this loan had an interest rate of LIBOR plus 1%, which totaled 6.9%. In July 1998, this loan was reduced by $1,000 and converted into a fixed rate loan bearing interest at 6.61% and maturing in 2008.

(h) Included in cash and cash equivalents is $3,048 and $3,030 at December 31, 1998 and 1997 respectively, of cash restricted under the terms of this loan agreement.

(i) This note was assumed at acquisition. At the time of acquisition in June 1998, this debt was recorded at fair market value and the premium is being amortized as interest expense over the life of the loan using the effective interest method. The monthly debt service payment is $348 per month and is calculated based on a 12.5% interest rate. At December 31, 1998, the unamortized premium was $6,165. On February 17, 1999, the loan was paid in full and was refinanced with a new loan of $65,000, with interest at 7.49%, maturing in 2009.

(j) The Company incurred a loss on early extinguishment of the old debt in 1998 for $2,345.

(k) These loans bear interest at LIBOR plus 2.0%.

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

Total interest expense capitalized during 1998, 1997 and 1996 was $3,199, $2,224, and $461, respectively.

The market value of mortgage notes payable at December 31, 1998 and December 31, 1997 is estimated to be approximately $1,271,853 and $1,013,000, respectively, based on current interest rates for comparable loans.

The above debt matures as follows:

Years Ending December 31,	
1999	$160,770
2000	8,159
2001	107,461
2002	10,302
2003	99,832
2004 and beyond	822,194
	$1,208,718

Of the $160,770 maturing in 1999, $65.1 million was paid in full on February 4, 1999 and refinanced with a new $100 million fixed rate loan at an interest rate of 6.74%. The Company is currently in negotiations to refinance the remaining debt maturing in 1999.

7. BANK NOTES PAYABLE:

At December 31, 1997, the Company had $55,000 of borrowings outstanding under its $60,000 unsecured credit facility, which bore interest at LIBOR plus 1.325%. On February 26, 1998, the Company increased this credit facility to $150,000 with a maturity of February 2000, currently bearing interest at LIBOR plus 1.15%. The interest rate on such credit facility fluctuates between 0.95% and 1.15% over LIBOR. As of December 31, 1998, $137,000 of borrowings was outstanding under this line of credit at an interest rate of 6.79%.

Additionally, the Company had issued $776 in letters of credit guaranteeing performance by the Company of certain events. The Company does not believe that these letters of credit will result in a liability to the Company.

During January 1999, the Company entered into a bank construction loan agreement to fund $89,200 of costs related to the development of Pacific View. The loan bears interest at LIBOR plus 2.25% and matures in February 2001. Principal is drawn as construction costs are incurred.

8. CONVERTIBLE DEBENTURES:

During 1997, the Company issued and sold $161,400 of convertible subordinated debentures (the "Debentures") due 2002. 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 1998, 1997 and 1996 management fees of $2,817, $2,219 and $1,788, 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 $10,224, $10,287 and $10,168 for the years ended December 31, 1998, 1997 and 1996, respectively. Included in accounts payables and accrued expense is interest payable to these partners of $512, $518, $516 at December 31, 1998, 1997 and 1996, 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 in full in February 1998.

In 1997, certain executive officers, received loans from the Company totaling $5,500. These loans are full recourse to the executives. $5,000 of the loans were issued under the terms of the employee stock incentive plan, bear interest at 7%, are due in 2007 and are secured by Company common stock owned by the executives. The remaining 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, 1998 and 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 rental payments to the Company:

Years Ending December 31,	
1999	$181,782
2000	168,307
2001	151,387
2002	138,468
2003	124,028
2004 and beyond	521,784
	$1,285,756

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 percentage of base rental income, as defined. Ground rent expenses were $1,125 (including contingent rent of $0) in 1998, $817 (including contingent rent of $0) in 1997 and $704 (including contingent rents of $0) in 1996.

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

Years Ending December 31,	
1999	$593,259
2000	593,359
2001	586,859
2002	586,859
2003	602,175
2004 and beyond	32,351,034
	$35,313,545

Perchloroethylene (PCE) has been detected in soil and groundwater in the vicinity of a dry cleaning establishment at North Valley Plaza, formerly owned by a joint venture of which the Company was a 50% member. The property was sold on December 18, 1997. The California Department of Toxic Substances Control (DTSC) advised the Company in 1995 that very low levels of Dichloroethylene (1,2 DCE), a degradation byproduct of PCE, had been detected in a municipal water well located 1/4 mile west of 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 1,2 DCE which is permitted in drinking water is 6 parts per billion (ppb). The 1,2 DCE was detected in the water well at a concentration of 1.2 ppb, which 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 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 former dry cleaner. $153 and $124 have already been incurred by the joint venture for remediation, and professional and legal fees for the periods ending December 31, 1998 and 1997, respectively. An additional $408 remains reserved by the joint venture as of December 31, 1998. The joint venture has been sharing costs on a 50/50 basis with a former owner of the property and intends to look to additional responsible parties for recovery.

11. COMMITMENTS AND CONTINGENCIES, CONTINUED:

Low levels of toluene, a petroleum constituent, was detected in one of three groundwater dewatering system holding tanks at Queens Center. Although the Company believes that no remediation will be required, the Company established a $150 reserve in 1996 to cover professional fees and testing costs, which was reduced by costs incurred of $2 and $18 for the twelve months ending December 31, 1998 and 1997, respectively. 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 Center. 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 were well within OSHA's permissible exposure limit (PEL) of .1 fcc. The accounting for this acquisition includes a reserve of $3,300 to cover future removal of this asbestos, as necessary. The Company incurred $255 and $170 in remediation costs for the twelve months ending December 31, 1998 and 1997, respectively.

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 $513, $400, $350 to the plan in 1998, 1997 and 1996, respectively.

13. STOCK OPTION 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 the grant date. The plan reserved 25,000 shares, all of which were granted as of December 31, 1998.

215,215 shares of restricted stock also have been issued under the employees stock incentive plan 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 vesting date and is amortized over the vesting period on a straight line basis. As of December 31, 1998 and 1997, 26,039 and 8,248 shares, respectively, of restricted stock had vested. A total of 83,018 shares at a weighted average price of $28.71 were issued in 1998, 89,958 shares at a weighted average price of $27.46 were issued in 1997 and 41,238 shares at a weighted average price of $20.70 were issued during 1996 and 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 common stock and is considered issued when vested. Compensation expense for restricted stock was $944, $239 and $0 in 1998, 1997 and 1996, respectively.

Approximately 803,000 and 692,000 additional shares were reserved and were available for issuance under the stock incentive plan at December 31, 1998 and 1997, respectively. The plan allows for granting options or restricted stock at market value.

13. STOCK OPTION PLAN, CONTINUED:

	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)	-	-	-	399,784	$19.02
Shares outstanding at December 31, 1995	1,254,500	$19.00-$20.25	22,500	$19.00-$21.38		
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	369,109	$26.50-$26.88	5,000	$ 28.50		
Exercised	(253,552)	$ 19.00	-	-		
Forfeited	(8,000)	-	-	-		
Shares outstanding at December 31, 1997	1,619,891	$19.00-$26.88	32,500	$19.00-$28.50	1,230,227	$20.58
Granted	412,500	27.38	5,000	$ 25.625		
Exercised	(66,080)	19.00	(7,000)	$19.00-$21.375		
Forfeited		-	-			
Shares outstanding at December 31, 1998	1,966,311	$19.00-$27.38	30,500	$19.00-$28.50	1,330,654	$19.38

The weighted average exercise price for options granted in 1995 was $20.25, in 1996 was $21.65, in 1997 was $27.06 and in 1998 was $27.38.

The weighted average remaining contractual life for options outstanding at December 31, 1998 was 5 years and the weighted average remaining contractual life for options exercisable at December 31, 1998 was 5 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 $228 or $0.00 per share for the year ended December 31, 1998 and $108 or $0.00 per share for the year ended December 31, 1997.

The weighted average fair value of options granted during 1998 and 1997 were $2.01 and $2.51, respectively. The fair value of each option grant issued in 1998 and 1997 is estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: (a) dividend yield of 7.8% in 1998 and 7.0% in 1997, (b) expected volatility of the Company's stock of 17.26% in 1998 and 14.9% in 1997, (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 1998 and 1997, 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 $295 during 1998 and $154 during 1997 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:

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 50/50 joint venture with an affiliate of Simon Property 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 $974.5 million, which included $485.0 million of assumed debt, at market value. The Company's share of the cash component of the purchase price was funded by issuing $100.0 million of Series A Preferred Stock, $80.0 million of common stock and borrowing the balance from the Company's line of credit.

South Plains Mall was acquired on June 19, 1998. South Plains Mall is a 1,140,574 square foot super regional mall located in Lubbock, Texas. The purchase price was $115.5 million, consisting of $29.3 million of assumed debt, at fair market value, and $86.2 million of cash. The cash portion was funded with a portion of the proceeds from the Company's Series B cumulative convertible redeemable preferred stock ("Series B Preferred Stock") offering.

Westside Pavilion was acquired on July 1, 1998 for $170.5 million. Westside Pavilion is a 755,759 square foot regional mall located in Los Angeles, California. The purchase price was funded with a portion of the proceeds from the Company's Series B Preferred Stock offering, borrowings under the Company's line of credit and the placement of a ten year $100.0 million mortgage secured by the property.

15. ACQUISITIONS, CONTINUED:

The Village at Corte Madera is a 428,398 square foot regional mall in Corte Madera, California, which the Company acquired in two phases: (i) 40% on June 16, 1998 and (ii) the remaining 60% on July 24, 1998. In addition, Carmel Plaza, a 115,215 square foot community shopping center in Carmel, California was acquired on August 10, 1998. The combined purchase price was $165.5 million, consisting of $40.0 million of assumed debt, the issuance of $7.9 million of OP Units and $117.6 million in cash. The cash component was funded by borrowings under the Company's line of credit.

Northwest Arkansas Mall was acquired on December 15, 1998. Northwest Arkansas Mall is a 780,237 square foot regional mall located in Fayetteville, Arkansas. The purchase price of $94.0 million was funded by a concurrently placed loan of $63.0 million and borrowings of $31.0 million under the Company's line of credit.

See "Note 20 - Subsequent Events" for description of an acquisition occurring in February 1999.

16. UNAUDITED PRO FORMA FINANCIAL INFORMATION:

The following unaudited pro forma financial information combines the consolidated results of operations of the Company for 1998 and 1997 as if the 1998 Acquisitions had occurred on January 1, 1997, 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, 1998	1997
Revenues	$319,946	$280,279
Income before minority interest and extraordinary items	44,442	19,944
Income before extraordinary items	33,319	14,837
Net income	47,883	30,505
Net income - available to common stockholders	30,884	14,282
Per share income before extraordinary items	$0.98	$0.44
Net income per share - available to common stockholders - basic	$0.91	$0.42
Weighted average number of common shares outstanding - basic	33,902	33,811
Per share income before extraordinary items	$0.95	$0.43
Net income per share - available to common stockholders - diluted	$0.90	$0.42
Weighted average number of common shares outstanding - diluted	46,725	46,323

17. PREFERRED STOCK:

On February 25, 1998, the Company issued 3,627,131 shares of Series A 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 quarterly dividend equal to the greater of $0.46 per share, or the dividend then payable on a share of common stock.

On June 17, 1998, the Company issued 5,487,471 shares of Series B Preferred Stock for proceeds totaling $150,000 in a private placement. The preferred stock can be converted on a one for one basis into common stock and will pay a quarterly dividend equal to the greater of $0.46 per share, or the dividend then payable on a share of common stock.

No dividends will be declared or paid on any class of common or other junior stock to the extent that dividends on Series A Preferred Stock and Series B Preferred Stock have not been declared and/or paid.

18. QUARTERLY FINANCIAL DATA (UNAUDITED):

The following is a summary of periodic results of operations for 1998 and 1997:

	1998 Quarter Ended				1997 Quarter Ended			
	Dec 31	Sept 30	June 30	Mar 31	Dec 31	Sept 30	June 30	Mar 31
Revenues	$86,200	$75,079	$61,407	$61,175	$61,529	$57,032	$52,350	$50,303
Income before minority interest and extraordinary items	23,583	12,653	12,607	10,569	10,626	2,792	9,839	9,911
Income before extraordinary items	13,780	6,903	7,368	6,912	7,253	1,921	6,684	6,743
Net income - available to common stockholders	13,759	4,579	7,368	6,822	7,253	1,870	6,180	6,743
Income before extraordinary items per share	$0.42	$0.23	$0.24	$0.25	$0.28	$0.07	$0.25	$0.26
Net income - available to common stockholders per share - basic	$0.42	$0.15	$0.24	$0.25	$0.28	$0.07	$0.24	$0.26

19. SEGMENT INFORMATION:

During 1998, the Company adopted SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 established standards for disclosure about operating segments and related disclosures about products and services, geographic areas, and major customers. The Company currently operates in one business segment, the acquisition, ownership, redevelopment, management and leasing of regional and community shopping centers. Additionally, the Company operates in one geographic area, the United States.

20. SUBSEQUENT EVENTS (UNAUDITED):

On February 10, 1999 a dividend/distribution of $0.485 per share was declared for common stockholders and OP Unit holders of record on February 18, 1999. In addition, the Company declared a dividend of $0.485 on the Company's Series A Preferred Stock and a dividend of $0.485 on the Company's Series B Preferred Stock. All dividends/distributions will be payable on March 8, 1999.

On February 18, 1999, through a 51/49 joint venture with Ontario Teachers' Pension Plan Board, the Company closed on the first phase of a two phase acquisition of a portfolio of properties. The phase one closing included the acquisition of three regional malls, the retail component of a mixed-use development, five contiguous properties and two non-contiguous community shopping centers comprising approximately 3.6 million square feet for a total purchase price of approximately $427.0 million. The purchase price was funded with a $120.0 million loan placed concurrently with the closing, $140.4 million of debt from an affiliate of the seller, and $39.4 million of assumed debt. The balance of the purchase price was paid in cash. The Company's share of the cash component was funded with the proceeds from two refinancings of centers and borrowings under the Company's line of credit.

INDEPENDENT AUDITORS' REPORT

The Partners
SDG Macerich Properties, L.P.:

We have audited the accompanying balance sheet of SDG Macerich Properties, L.P. as of December 31, 1998, and the related statements of operations, cash flows, and partners' equity for the year then ended. In connection with our audit of the financial statements, we have also audited the related financial statement schedule (Schedule III). These financial statements and the financial statement schedule are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audit.

We conducted our audit 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SDG Macerich Properties, L.P. as of December 31, 1998, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule (Schedule III), when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP
Indianapolis, Indiana
February 11, 1999

SDG MACERICH PROPERTIES, L.P.

Balance Sheet

December 31, 1998

(Dollars in thousands)

ASSETS	
Properties:	
Land	$ 199,377
Building and Improvements	804,724
Equipment and furnishings	472
	1,004,573
Less accumulated depreciation	17,383
	987,190
Cash and cash equivalents	9,156
Tenant receivables, including accrued revenue less allowance for doubtful accounts of $804	20,579
Prepaid real estate taxes and other assets	1,096
	$ 1,018,021
LIABILITIES AND PARTNERS' EQUITY	
Mortgage notes payable	$ 505,868
Accounts payable	10,935
Due to affiliates	443
Accrued real estate taxes	12,423
Accrued interest expense	1,562
Accrued management and leasing fees	249
Other liabilities	1,503
Total liabilities	532,983
Partners' equity	485,038
	$ 1,018,021

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

Statement of Operations

Year ended December 31, 1998

(Dollars in thousands)

Revenues:	
Minimum rents	$ 72,016
Overage rents	5,782
Tenant recoveries	35,806
Other	1,822
	115,426
Expenses:	
Property operations	13,561
Depreciation of properties	17,383
Real estate taxes	13,577
Repairs and maintenance	6,312
Advertising and promotion	5,013
Management fees	3,062
Provision for credit losses	809
Interest on mortgage notes	26,432
Other	231
	86,380
Net income	$ 29,046

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

Statement of Cash Flows

Year ended December 31, 1998

(Dollars in thousands)

Cash flows from operating activities:	
Net income	$ 29,046
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation of properties	17,383
Amortization of debt premium	(1,843)
Change in receivables	(14,452)
Change in accrued real estate taxes	(527)
Other items	8,871
Net cash provided by operating activities	38,478
Cash flows from investing activities:	
Acquisition of properties, net of mortgage notes payable assumed	(480,392)
Improvements to properties	(4,922)
Net cash used by investing activities	(485,314)
Cash flows from financing activities:	
Contributions by partners	480,392
Distributions to partners	(24,400)
Net cash provided by financing activities	455,992
Net increase in cash and cash equivalents	9,156
Cash and cash equivalents at beginning of year	--
Cash and cash equivalents at end of year	$ 9,156
Supplemental cash flow information:	
Cash payments for interest	$ 26,713
Non-cash transaction:	
Fair value of mortgage notes payable assumed with properties acquired	$ 507,711
Fair value of other liabilities, net, assumed with properties acquired	11,548

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

Statement of Partners' Equity

Year ended December 31, 1998

(Dollars in thousands)

	SIMON PROPERTY GROUP, INC. AFFILIATES	THE MACERICH COMPANY AFFILIATES	TOTAL
Percentage ownership interest	50%	50%	100%
Balance at January 1, 1998	$ --	--	--
Contributions	240,196	240,196	480,392
Distributions	(12,200)	(12,200)	(24,400)
Net income for the year	14,523	14,523	29,046
Balance at December 31, 1998	$ 242,519	242,519	485,038

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

Notes to Financial Statements

December 31, 1998

(Dollars in thousands)

(1) GENERAL

(A) PARTNERSHIP ORGANIZATION

On December 29, 1997, affiliates of Simon Property Group, Inc. (Simon) and affiliates of The Macerich Company (Macerich) formed a limited partnership to acquire and operate a portfolio of 12 regional shopping centers. The Partnership acquired the properties on February 27, 1998. The accompanying financial statements include the results of operations of the properties since the date of acquisition.

(B) PROPERTIES

Simon and Macerich have divided the property management services with affiliates of each company managing six of the shopping centers. The shopping centers and their locations are as follows:

Simon managed properties:	
South Park Mall	Moline, Illinois
Valley Mall	Harrisonburg, Virginia
Granite Run Mall	Media, Pennsylvania
Eastland Mall	Evansville, Indiana
Lake Square Mall	Leesburg, Florida
North Park Mall	Davenport, Iowa
Macerich managed properties:	
Lindale Mall	Cedar Rapids, Iowa
Mesa Mall	Grand Junction, Colorado
South Ridge Mall	Des Moines, Iowa
Empire Mall and Empire East	Sioux Falls, South Dakota
Rushmore Mall	Rapid City, South Dakota
Southern Hills Mall	Sioux City, Iowa

The shopping center leases generally provide for fixed annual minimum rent, overage rent based on sales, and reimbursement for certain operating expenses, including real estate taxes. For leases in effect at December 31, 1998, fixed minimum rents to be received in each of the next five years and thereafter are summarized as follows:

1999	$ 73,955
2000	66,828
2001	60,055
2002	54,013
2003	45,958
Thereafter	157,741
	$458,550

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) REVENUES

All leases are classified as operating leases, and minimum rents are recognized monthly on a straight-line basis over the terms of the leases.

Most retail tenants are also required to pay overage rents based on sales over a stated base amount during the lease year, generally ending on January 31. Overage rents are recognized as revenues based on reported and estimated sales for each tenant through December 31. Differences between estimated and actual amounts are recognized in the subsequent year.

Tenant recoveries for real estate taxes and common area maintenance are adjusted annually based on the actual expenses, and the related revenues are recognized in the year in which the expenses are incurred. Charges for other operating expenses are billed monthly with periodic adjustments based on the estimated utility usage and/or a current price index, and the related revenues are recognized as the amounts are billed and as adjustments become determinable.

(B) CASH EQUIVALENTS

All highly liquid debt instruments purchased with a maturity of three months or less are considered to be cash equivalents.

(C) PROPERTIES

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

Buildings and improvements	39 years
Equipment and furnishings	5-7 years
Tenant improvements	Initial term of related lease

Improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. All other repairs and maintenance items are expensed as incurred.

The Partnership assesses whether there has been an impairment in the value of its properties 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 Partnership would recognize an impairment loss if the estimated future income stream is not sufficient to recover its investment. Such a loss would be the difference between the carrying value and the fair value of a property. Management believes no impairment in its net property carrying values has occurred at December 31, 1998.

(D) USE OF 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 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.

(E) INCOME TAXES

As a partnership, the allocated share of income or loss for the year is includable in the income tax returns of the partners; accordingly, income taxes are not reflected in the accompanying financial statements.

(3) MORTGAGE NOTES PAYABLE AND FAIR VALUE OF FINANCIAL INSTRUMENTS

In connection with the acquisition of the shopping center properties, the Partnership assumed $485,000 of mortgage notes payable which are secured by liens on the properties. The notes consist of $300,000 of debt which is due in May 2006 and requires monthly interest payments at a fixed weighted average rate of 7.41% and $185,000 of debt which is due in May 2003 and requires monthly interest payments at a variable weighted average rate (based on LIBOR) of 6.15% at December 31, 1998. The variable rate debt is covered by an interest cap agreement which effectively prevents the variable rate from exceeding 11.53%.

The fair value assigned to the $300,000 fixed-rate debt at the acquisition date based on an estimated market interest rate of 6.23% was $322,711, and the resultant debt premium is being amortized to interest expense over the remaining term of the debt using a level yield method. At December 31, 1998, the unamortized balance of the debt premium was $20,868.

The fair value of the fixed-rate debt at December 31, 1998 based on an interest rate of 6.70% is estimated to be approximately $312,000. The $185,000 carrying value of the variable-rate debt and the Partnership's other financial instruments are estimated to equal their fair values.

(4) MANAGEMENT SERVICES

An affiliate of Simon manages six of the properties and an affiliate of Macerich manages the other six properties, both for a fee of 4% of gross receipts, as defined. Management fees incurred in 1998 totaled $1,592 for the Simon-managed properties and $1,470 for the Macerich-managed properties.

(5) CONTINGENT LIABILITY

The Partnership currently is not involved with any litigation other than routine litigation and administrative proceedings arising in the ordinary course of business. On the basis of consultation with counsel, management believes that these items will not have a material adverse impact on the Company's financial statements.

THE MACERICH COMPANY
REAL ESTATE AND ACCUMULATED DEPRECIATION
12/31/98
(IN THOUSANDS)

	INITIAL COST TO COMPANY			
	LAND	BUILDING AND IMPROVEMENTS	EQUIPMENT AND FURNISHINGS	COST CAPITALIZED SUBSEQUENT TO ACQUISITION
Shopping Centers:				
Bristol Shopping Center	$0	$11,051	$0	$1,935
Boulder Plaza	2,650	7,950	0	2,157
Capitola Mall	11,312	46,689	0	1,335
Carmel Plaza	9,080	36,354	0	225
Chesterfield Towne Center	18,517	72,936	2	8,638
Citadel, The	21,600	86,711	0	1,865
Corte Madera, Village at	24,433	97,821	0	548
County East Mall	2,633	15,131	716	13,967
Crossroads Mall - Boulder	0	37,528	64	32,775
Crossroads Mall - Oklahoma	10,279	43,458	291	8,713
Fresno Fashion Fair	17,966	72,194	0	(1,653)
Great Falls Marketplace	2,960	11,840	0	8
Greeley Mall	5,600	12,617	13	7,698
Green Tree Mall	4,947	14,893	332	23,246
Holiday Village Shopping Mall	2,311	13,488	138	22,510
Huntington Beach Center	11,868	11,867	0	4,123
Lakewood Mall	12,502	31,158	117	95,492
Northgate Mall	7,144	29,805	841	24,657
Northwest Arkansas Mall	18,800	75,358	0	0
Pacific View (formerly known as Buenaventura Mall)	8,697	8,696	0	22,862
Parklane Mall	1,377	11,775	173	18,931
Queens Center	21,460	86,631	8	2,156
Rimrock Mall	8,737	35,652	0	1,519
Salisbury, The Centre at	15,290	63,474	31	1,186
South Plains Mall	23,100	92,728	0	1,183
South Towne Center	19,600	78,954	0	4,768
Stonewood Mall	18,400	73,933	0	1,207
Valley View Center	17,100	68,687	0	9,656
Villa Marina Marketplace	15,852	65,441	0	679
Vintage Faire Mall	14,902	60,532	0	2,213
Westside Pavilion	34,100	136,819	0	412
	$383,217	$1,512,171	$2,726	$315,011

	GROSS AMOUNT AT WHICH CARRIED AT CLOSE OF PERIOD						
	LAND	BUILDING AND IMPROVEMENTS	FURNITURE, FIXTURES AND EQUIPMENT	CONSTUCTION IN PROGRESS	TOTAL	ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION
Shopping Centers:							
Bristol Shopping Center	$132	$12,851	$0	$3	$12,986	$5,651	$7,335
Boulder Plaza	2,919	9,838	0	0	12,757	2,887	9,870
Capitola Mall	11,309	47,989	38	0	59,336	3,816	55,520
Carmel Plaza	9,080	36,567	12	0	45,659	371	45,288
Chesterfield Towne Center	18,517	79,399	2,038	139	100,093	11,790	88,303
Citadel, The	21,600	88,521	47	8	110,176	2,430	107,746
Corte Madera, Village at	24,433	98,344	25	0	122,802	1,133	121,669
County East Mall	4,099	27,483	798	67	32,447	10,522	21,925
Crossroads Mall - Boulder	21,616	42,154	128	6,469	70,367	23,384	46,983
Crossroads Mall - Oklahoma	10,279	46,946	345	5,171	62,741	7,322	55,419
Fresno Fashion Fair	17,966	70,380	43	118	88,507	3,753	84,754
Great Falls Marketplace	2,960	11,848	0	0	14,808	305	14,503
Greeley Mall	5,600	20,222	98	8	25,928	9,911	16,017
Green Tree Mall	4,947	38,008	463	0	43,418	21,072	22,346
Holiday Village Shopping Mall	3,500	34,737	210	0	38,447	20,743	17,704
Huntington Beach Center	11,868	11,965	31	3,994	27,858	639	27,219
Lakewood Mall	24,916	113,408	651	294	139,269	46,588	92,681
Northgate Mall	8,400	53,045	935	67	62,447	19,406	43,041
Northwest Arkansas Mall	18,800	75,358	0	0	94,158	90	94,068
Pacific View (formerly known as Buenaventura Mall)	8,697	8,794	18	22,746	40,255	471	39,784
Parklane Mall	2,426	25,213	402	4,215	32,256	16,457	15,799
Queens Center	21,454	87,400	634	767	110,255	6,873	103,382
Rimrock Mall	8,737	36,966	106	99	45,908	2,095	43,813
Salisbury, The Centre at	15,284	64,219	478	0	79,981	5,884	74,097
South Plains Mall	23,100	93,877	34	0	117,011	1,316	115,695
South Towne Center	19,600	83,696	26	0	103,322	3,978	99,344
Stonewood Mall	18,400	74,908	232	0	93,540	2,756	90,784
Valley View Center	17,100	73,059	631	4,653	95,443	4,447	90,996
Villa Marina Marketplace	15,852	66,082	35	3	81,972	5,026	76,946
Vintage Faire Mall	14,901	61,601	627	518	77,647	3,402	74,245
Westside Pavilion	34,100	137,118	12	101	171,331	1,762	169,569

$422,592	$1,731,996	$9,097	$49,440	$2,213,125	$246,280	$1,966,845

THE MACERICH COMPANY
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1998
(IN THOUSANDS)

Depreciation and amortization of the Company's investment in buildings and improvements reflected in the statements

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, 1998 are as follows:

	1996	1997	1998
Balance, beginning of year	$833,998	$1,273,085	$1,607,429
Additions	439,087	334,344	605,696
Disposals and retirements	0	0	0
Balance, end of year	$1,273,085	$1,607,429	$2,213,125

The changes in accumulated depreciation and amortization for the three years ended December 31, 1998 are as follows:

	1996	1997	1998
Balance, beginning of year	$139,098	$164,417	$200,250
Additions	25,319	35,833	46,030
Disposals and retirements	0	0	0
Balance, end of year	$164,417	$200,250	$246,280

SDG MACERICH PROPERTIES, L.P.

Schedule III - Real Estate and Accumulated Depreciation

As of December 31, 1998
(Dollars in thousands)

Shopping Center (1)	Location	Initial Cost to Partnership			Costs Capitalized Subsequent to Acquisition
		Land	Building and Improvements	Equipment and Furnishings	
Mesa Mall	Grand Junction, Colorado	$ 11,155	44,635	--	25
Lake Square Mall	Leesburg, Florida	7,348	29,392	--	172
South Park Mall	Moline, Illinois	21,341	85,540	--	522
Eastland Mall	Evansville, Indiana	28,160	112,642	--	833
Lindale Mall	Cedar Rapids, Iowa	12,534	50,151	--	197
North Park Mall	Davenport, Iowa	17,210	69,042	--	585
South Ridge Mall	Des Moines, Iowa	11,524	46,097	--	993
Granite Run Mall	Media, Pennsylvania	26,147	104,671	--	536
Rushmore Mall	Rapid City, South Dakota	12,089	50,588	--	43
Empire Mall	Sioux City, South Dakota	23,706	94,860	--	519
Empire East	Sioux City, South Dakota	2,073	8,291	--	1
Southern Hills Mall	Sioux City, South Dakota	15,697	62,793	--	429
Valley Mall	Harrisonburg, Virginia	10,393	41,572	--	67
		$ 199,377	800,274	--	4,922

Shopping Center (1)	Location	Gross Book Value at December 31, 1998			Accumulated Depreciation	Total Cost Net of Accumulated Depreciation
		Land	Building and Improvements	Equipment and Furnishings		
Mesa Mall	Grand Junction, Colorodo	11,155	44,643	17	969	54,846
Lake Square Mall	Leesburg, Florida	7,348	29,556	8	642	36,270
South Park Mall	Moline, Illinois	21,341	86,055	7	1,838	105,565
Eastland Mall	Evansville, Indiana	28,160	113,266	209	2,435	139,200
Lindale Mall	Cedar Rapids, Iowa	12,534	50,335	13	1,102	61,780
North Park Mall	Davenport, Iowa	17,210	69,616	11	1,496	85,341
South Ridge Mall	Des Moines, Iowa	11,524	47,040	50	1,014	57,600
Granite Run Mall	Media, Pennsylvania	26,147	105,126	81	2,257	129,097
Rushmore Mall	Rapid City, South Dakota	12,089	50,603	28	1,129	61,591
Empire Mall	Sioux City, South Dakota	23,706	95,351	28	2,064	117,021
Empire East	Sioux City, South Dakota	2,073	8,291	1	177	10,188
Southern Hills Mall	Sioux City, South Dakota	15,697	63,207	15	1,371	77,548
Valley Mall	Harrisonburg, Virginia	10,393	41,635	4	889	51,143
		199,377	804,724	472	17,383	987,190

Depreciation and amortization of the Partnership's investment in shopping center properties reflected in the statement of operations are calculated over the estimated useful lives of the assets as follows:

Building and improvements	39 years
Equipment and furnishings	5-7 years

The changes in total shopping center properties for the year ended December 31, 1998 are as follows:

Balance, beginning of year	$ --
Acquisitions	999,651
Additions	4,922
Disposals and retirements	--
Balance, end of year	$ 1,004,573

The changes in accumulated depreciation for the year ended December 31, 1998 are as follows:

Balance, beginning of year	$ --
Additions	17,383
Disposals and retirements	--
Balance, end of year	$ 17,383

(1) All of the shopping centers are encumbered by mortgage notes payable with a December 31, 1998 carrying value of $505,868.

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 29, 1999
/s/ MACE SIEGEL Mace Siegel	Chairman of the Board	March 29, 1999
/s/ DANA K. ANDERSON Dana K. Anderson	Vice Chairman of the Board	March 29, 1999
/s/ EDWARD C. COPPOLA Edward C. Coppola	Executive Vice President	March 29, 1999
/s/ JAMES COWNIE James Cownie	Director	March 29, 1999
/s/ THEODORE HOCHSTIM Theodore Hochstim	Director	March 29, 1999
/s/ FREDERICK HUBBELL Frederick Hubbell	Director	March 29, 1999
/s/ STANLEY MOORE Stanley Moore	Director	March 29, 1999
/s/ WILLIAM SEXTON William Sexton	Director	March 29, 1999
/s/ THOMAS E. O'HERN Thomas E. O'Hern	Executive Vice President, Treasurer and Chief Financial and Accounting Officer	March 29, 1999

X

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	
3.1.2***	Articles Supplementary of the Company (Series A Preferred Stock)	
3.1.3****	Articles Supplementary of the Company (Series B Preferred Stock)	
3.1.4	Articles Supplementary of the Company (Series C Junior Participating Preferred Stock)	
3.2*****	Amended and Restated Bylaws of the Company	
4.1*****	Form of Common Stock Certificate	
4.2******	Form of Preferred Stock Certificate (Series A Preferred Stock)	
4.2.1	Form of Preferred Stock Certificate (Series B Preferred Stock)	
4.2.2*****	Form of Preferred Stock Certificate (Series C Junior Participating Preferred Stock)	
4.3*******	Indenture for Convertible Subordinated Debentures dated June 27, 1997	
4.4*****	Agreement dated as of November 10, 1998 between the Company and First Chicago Trust Company of New York, as Rights Agent	
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 Partnerships 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	
10.1.5	Sixth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated June 17, 1998	
10.1.6	Seventh Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated December 31, 1998	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
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	1999 Cash Bonus/Restricted Stock Program under the Amended and Restated 1994 Incentive Plan (including the form of restricted Stock Award Agreement)	
10.10********	Registration Rights Agreement, dated as of March 16, 1994, between the Company and The Northwestern Mutual Life Insurance Company	
- -		
10.11********	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	
10.12*******	Registration Rights Agreement, dated as of March 16, 1994, among the Company, Richard M. Cohen and MRII Associates	
10.13*******	Registration Rights Agreement dated as of June 27, 1997	
10.14*******	Registration Rights Agreement dated as of February 25, 1998 between the Company and Security Capital Preferred Growth Incorporated	
10.15********	Incidental Registration Rights Agreement dated March 16, 1994	
10.16******	Incidental Registration Rights Agreement dated as of July 21, 1994	
10.17******	Incidental Registration Rights Agreement dated as of August 15, 1995	
10.18******	Incidental Registration Rights Agreement dated as of December 21, 1995	
10.18.1******	List of Incidental/Demand Registration Rights Agreements, Election Forms, Accredited/Non-Accredited Investors Certificates and Investor Certificates	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
10.19	Registration Rights Agreement dated as of June 17, 1998 between the Company and the Ontario Teachers' Pension Plan Board	
10.20	Redemption, Registration Rights and Lock-Up Agreement dated as of July 24, 1998 between the Company and Harry S. Newman, Jr. and LeRoy H. Brettin	
10.21********	Indemnification Agreement, dated as of March 16, 1994, between the Company and Mace Siegel	
10.21.1********	List of Omitted Indemnification Agreements	
10.22*	Partnership Agreement for Macerich Northwestern Associates, dated as of January 17, 1985, between Macerich Walnut Creek Associates and the Northwestern Mutual Life Insurance Company	
10.23********	First Amendment to Macerich Northwestern Associates Partnership Agreement between Operating Partnership and the Northwestern Mutual Life Insurance Company	
10.24*	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	
10.25******	Secured Full Recourse Promissory Note dated November 17, 1997 Due November 16, 2007 made by Edward C. Coppola to the order of the Company	
10.25.1******	List of Omitted Secured Full Recourse Notes	
10.26******	Stock Pledge Agreement dated as of November 17, 1997 made by Edward C. Coppola for the benefit of the Company	
10.26.1******	List of omitted Stock Pledge Agreement	
10.27******	Promissory Note dated as of May 2, 1997 made by David J. Contis to the order of Macerich Management Company	
10.28##	Purchase and Sale Agreement between the Equitable Life Assurance Society of the United States and S.M. Portfolio Partners	
10.29******	Partnership Agreement of S.M. Portfolio Ltd. Partnership	
10.30	First Amended and Restated Credit Agreement, dated as of June 25, 1998, between the Operating Partnership, the Company and Wells Fargo Bank, National Association	
21.1	List of Subsidiaries	
23.1	Consent of Independent Accountants (PricewaterhouseCoopers LLP)	
23.2	Consent of Independent Auditors (KPMG LLP)	

EXHIBIT NUMBER	DESCRIPTION	SEQUENTIALLY NUMBERED PAGE
*	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 Current Report on Form 8-K, event date February 25, 1998, and incorporated herein by reference.	
****	Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date June 17, 1998, and incorporated herein by reference.	
*****	Previously filed as an exhibit to the Company's Current Report on Form 8-K, event date November 10, 1998, as amended, 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, 1997, 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 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 February 27, 1998, and incorporated herein by reference.	

THE MACERICH COMPANY

ARTICLES SUPPLEMENTARY

for

SERIES C JUNIOR PARTICIPATING PREFERRED STOCK

(Pursuant to Sections 2-105(a)(9) and 2-208(a) of the
Maryland General Corporation Law)

The Macerich Company, a corporation organized and existing under the Maryland General Corporation Law (hereinafter called the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: Pursuant to Section 2-208(a) of the Maryland General Corporation Law and to authority granted by the charter of the Corporation (the "Charter"), the Board of Directors of the Corporation (hereinafter called the "Board of Directors" or the "Board") at a meeting duly called and held on November 10, 1998 (i) reclassified 1,000,000 shares of Excess Stock, par value $0.01 per share, as Preferred Stock, par value $0.01 per share, with the terms and conditions as set forth in the Charter, and (ii) designated 1,200,000 shares of Preferred Stock as shares of Series C Preferred Stock, with the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption as follows, which upon any restatement of the Charter shall be made part of Article Fifth of the Charter, with any necessary or appropriate changes to the enumeration or lettering of sections or subsections thereof:

Series C Junior Participating Preferred Stock

Section 1. DESIGNATION AND AMOUNT. There shall be a series of Preferred Stock designated as "Series C Junior Participating Preferred Stock", par value $0.01 per share (the "Series C Preferred Stock"), and the number of shares constituting the Series C Preferred Stock shall be 1,200,000. Such number of shares may be increased or decreased by resolution of the Board of Directors and by the filing of articles supplementary in accordance with the Maryland General Corporation Law; PROVIDED, that no decrease shall reduce the number of shares of Series C Preferred Stock to a number less than the number of shares then outstanding plus the number of shares reserved for issuance upon the exercise of outstanding options, rights or warrants or upon the conversion of any outstanding securities issued by the Corporation convertible into Series C Preferred Stock.

Section 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the rights of the holders of any shares of any series of Preferred Stock (or any similar stock) ranking prior and superior to the Series C Preferred Stock with respect to dividends, the holders of shares of Series C Preferred Stock, in preference to the holders of Common Stock, par value $0.01 per share (the "Common Stock"), of the Corporation, and of any other junior stock, shall be entitled to receive, when, as and if authorized by the Board of Directors out of funds legally available for the purpose, quarterly dividends payable in cash on the first day of March, June, September and December in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series C Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $1 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends, and 100 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions, other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series C Preferred Stock. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event under clause (b) of the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Corporation shall declare a dividend or distribution on the Series C Preferred Stock as provided in paragraph (A) of this Section immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock); provided that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $1 per share on the Series C Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and be cumulative on outstanding shares of Series C Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issue of such shares, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of is-

sue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series C Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series C Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series C Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be not more than 60 days prior to the date fixed for the payment thereof.

Section 3. VOTING RIGHTS. The holders of shares of Series C Preferred Stock shall have the following voting rights:

(A) Subject to the provision for adjustment hereinafter set forth, each share of Series C Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Corporation. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the number of votes per share to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event shall be adjusted by multiplying such number by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the terms of any other series of Preferred Stock or any similar stock, the holders of shares of Series C Preferred Stock and the holders of shares of Common Stock and any other stock of the Corporation having general voting rights shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(C) Except as set forth herein, holders of Series C Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 4. CERTAIN RESTRICTIONS.

(A) Whenever quarterly dividends or other dividends or distributions payable on the Series C Preferred Stock as provided in Section 2 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not authorized or de-

cleared, on shares of Series C Preferred Stock outstanding shall have been paid in full, neither the Board of Directors nor the Corporation shall:

(i) authorize, declare or pay dividends, or make any other distributions, on any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock;

(ii) authorize, declare or pay dividends, or make any other distributions, on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, except dividends paid ratably on the Series C Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Preferred Stock, provided that the Corporation may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any stock of the Corporation ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series C Preferred Stock; or

(iv) redeem or purchase or otherwise acquire for consideration any shares of Series C Preferred Stock, or any shares of stock ranking on a parity with the Series C Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Corporation shall not permit any subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of stock of the Corporation unless the Corporation could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

Section 5. REACQUIRED SHARES. Any shares of Series C Preferred Stock purchased or otherwise acquired by the Corporation in any manner whatsoever shall become authorized but unissued shares of Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth herein, in the Charter, or in any other articles supplementary creating a series of Preferred Stock or any similar stock or as otherwise required by law.

Section 6. LIQUIDATION, DISSOLUTION OR WINDING UP. Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (1) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding

up) to the Series C Preferred Stock unless, prior thereto, the holders of shares of Series C Preferred Stock shall have received $100 per share, plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not authorized or declared, to the date of such payment, provided that the holders of shares of Series C Preferred Stock shall be entitled to receive an aggregate amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount to be distributed per share to holders of shares of Common Stock, or (2) to the holders of shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Preferred Stock, except distributions made ratably on the Series C Preferred Stock and all such parity stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the aggregate amount to which holders of shares of Series C Preferred Stock were entitled immediately prior to such event under the proviso in clause (1) of the preceding sentence shall be adjusted by multiplying such amount by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immedately prior to such event.

Section 7. CONSOLIDATION, MERGER, ETC. In case the Corporation shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each share of Series C Preferred Stock shall at the same time be similarly exchanged or changed into an amount per share, subject to the provision for adjustment hereinafter set forth, equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged. In the event the Corporation shall at any time declare or pay any dividend on the Common Stock payable in shares of Common Stock, or effect a subdivision or combination or consolidation of the outstanding shares of Common Stock (by reclassification or otherwise than by payment of a dividend in shares of Common Stock) into a greater or lesser number of shares of Common Stock, then in each such case the amount set forth in the preceding sentence with respect to the exchange or change of shares of Series C Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 8. NO REDEMPTION. The shares of Series C Preferred Stock shall not be redeemable.

Section 9. RANK. The Series C Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, junior to all series of the Corporation's Preferred Stock.

Section 10. AMENDMENT. The Charter shall not be amended in any manner which would materially alter or change the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications or terms and conditions of redemption of the Series C Preferred Stock, as set forth herein, so as to affect them adversely without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Series C Preferred Stock, voting together as a single class.

Section 11. OWNERSHIP RESTRICTIONS. The Series C Preferred Stock shall be subject to the restrictions and limitations set forth in Article Eighth of the Charter.

SECOND: The Shares have been classified and designated by the Board of Directors under the authority contained in the Charter.

THIRD: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FOURTH: The undersigned Chairman of the Board of the Corporation acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned Chairman acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Corporation has caused these Articles Supplementary to be executed under seal in its name on its behalf by its Chairman and attested to by its Secretary on this 10th day of November, 1998.

/s/ Mace Siegel

Chairman

Attest:

/s/ Richard A. Bayer
- ---
Secretary

EXHIBIT 4.2.1

NUMBER SHARES

THE MACERICH COMPANY
SERIES B 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 B 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 B 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 B 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.

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

THIS SIXTH 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, FURTHER AMENDED AS OF FEBRUARY 25, 1998, AND FURTHER AMENDED AS OF FEBRUARY 26, 1998 (the "AGREEMENT") OF THE MACERICH PARTNERSHIP, L.P. (the "PARTNERSHIP") is dated effective as of June 17, 1998.

RECITALS

WHEREAS, The Macerich Company, the general partner of the Partnership (the "GENERAL PARTNER"), will be issuing to The Ontario Teachers Pension Plan Board ("Ontario Teachers"), 5,487,471 shares of Series B Cumulative Convertible Redeemable Preferred Stock, $.01 par value per share ("SERIES B PREFERRED SHARES"), pursuant to the Series B Preferred Securities Purchase Agreement dated as of June 16, 1998 between the General Partner and Ontario Teachers (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(d) to read as follows:

(d) SERIES B 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 B Preferred Shares to Ontario Teachers pursuant to the Purchase Agreement, which amount is $150,000,019.70. In exchange for such capital contribution, the Partnership hereby issues to the General Partner 5,487,471 Series B Preferred Units, each Series B Preferred Unit representing a capital contribution of $27.335. Series B Preferred Units shall entitle the General Partner to a Series B Preferred Return, all as described in SECTION 4.1 of the Agreement. Series B Preferred Units shall be converted into Common Units at the time the Series B 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 B Preferred Shares are being redeemed, the General Partner shall be obligated to put to the Partnership a number of Series B Preferred Units equal to the number of Series B Preferred Shares being redeemed or repaid. Upon putting a Series B Preferred Unit to the Partnership, the General Partner will be paid, in liquidation of each Series B Preferred Unit being put to the Partnership, an amount equal to $27.335 plus any accumulated, accrued and unpaid Series B Preferred Return on such Series B Preferred Unit, PLUS any other amounts owed or to be paid by the General Partner in connection with the redemption of the corresponding Series B Preferred Share; PROVIDED, HOWEVER, that the General Partner shall not put the Series B Preferred Units to the Partnership if the payment in liquidation of those Series B 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 B Preferred Units may be put to the Partnership, the General Partner shall determine in good faith that the redemption of such Series B 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 B 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 B 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 Offered 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 and Series B Preferred Units, in an amount equal to the cumulative and unpaid Series A Preferred Return on such Series A Preferred Units, and the cumulative and unpaid Series B Preferred Return on such Series B 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 and the Series B Preferred Shares, respectively, 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, Series B 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, Series A Preferred Unit or Series B Preferred Unit and shall constitute a fractional, undivided share of the Partnership Interests corresponding to that particular class of Units.

(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, Series A Preferred Units and Series B Preferred Units.

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

"SERIES B PREFERRED RETURN" shall mean an amount per Series B 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 B Preferred Unit is convertible. The Series B Preferred Return will be based on the General Partner's Capital Contribution in respect of the Series B Preferred Units for which the Series B Preferred Return is being determined as provided in the definition of Series B Preferred Units below (taking into account any reduction of such Capital Contribution by any redemptions or conversions of such Series B Preferred Units), commencing on the first date such Series B Preferred Units are issued to the General Partner. It is intended that the Series B Preferred Return will be equal to the dividends and any additional amounts payable on the Series B Preferred Shares to the holders thereof so that the General Partner will receive a Series B Preferred Return in an amount sufficient for the General Partner to make all payments in respect of the Series B Preferred Shares.

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

"SERIES B PREFERRED SHARES ARTICLES SUPPLEMENTARY" shall mean the Series B Cumulative Convertible Redeemable Preferred Stock Articles Supplementary, dated as of June 15, 1998, which fixes the distribution and other preferences and rights of the Series B Preferred Shares.

"SERIES B PREFERRED UNITS" shall mean the Partnership Units of the General Partner representing the Capital Contribution of the Series B Preferred Share proceeds, as set forth in SECTION 2.2(d) 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 B Preferred Shares as a result of any 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 discount, placement fee or other expenses.

(g) 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 and the Series B 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 the cumulative Series B Preferred Return on the Series B Preferred Units, respectively; 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.

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: /s/ Richard A. Bayer

Richard A. Bayer
General Counsel and Secretary

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

THIS SEVENTH 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, FURTHER AMENDED AS OF FEBRUARY 25, 1998, FURTHER AMENDED AS OF FEBRUARY 26, 1998, AND FURTHER AMENDED AS OF JUNE 17, 1998 (the "AGREEMENT") OF THE MACERICH PARTNERSHIP, L.P. (the "PARTNERSHIP") is dated effective December 23, 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. AMENDMENT: A section 13.14 is added to the Agreement immediately following section 13.13 thereof as follows:

13.14 SEPARATE NATURE. In contemplation of procedures required in connection with securitization of loans, the Partnership will, based on advice of counsel, adopt such procedures as may be appropriate to maintain the separate nature of the Partnership.

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:/s/ Richard A. Bayer

Richard A. Bayer
General Counsel and Secretary

EXHIBIT 10.9

THE MACERICH COMPANY

1999 CASH BONUS/RESTRICTED STOCK PROGRAM

UNDER THE AMENDED AND RESTATED 1994 INCENTIVE PLAN

THE MACERICH COMPANY

1999 CASH BONUS/RESTRICTED STOCK PROGRAM
UNDER THE AMENDED AND RESTATED 1994 INCENTIVE PLAN

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THE MACERICH COMPANY
1999 CASH BONUS/RESTRICTED STOCK PROGRAM
UNDER THE AMENDED AND RESTATED 1994 INCENTIVE PLAN

ARTICLE I
TITLE, PURPOSE AND AUTHORIZED SHARES

1.1 TITLE

This Program shall be known as The Macerich Company 1999 Cash Bonus/Restricted Stock Program under the Amended and Restated 1994 Incentive Plan.

1.2 PURPOSE

The purpose of this Program is to promote the success of the Company and the interest of its stockholders by providing an additional means to attract, motivate, retain and reward key employees, including officers, by providing an opportunity to convert cash bonuses to Restricted Stock Awards, enhancing compensation deferral opportunities and offering additional incentives to increase stock ownership in the Company.

1.3 SHARES

The aggregate number of shares subject to Restricted Stock Awards granted pursuant to this Program shall be charged against and subject to the limits on the available shares under the Plan.

ARTICLE II
DEFINITIONS

Whenever the following terms are used in this Program they shall have the meaning specified below unless the context clearly indicates to the contrary. Capitalized terms not otherwise defined shall have the meaning assigned to such terms in the Plan.

2.1. BONUS PAYMENT DATE means the date designated by the Committee (upon or after its decisions as to awards) on which the Cash Bonus is or would otherwise be received by the Participant.

2.2 CASH BONUS means an incentive award granted by the Committee, whether or not under the terms of the Plan, that but for elections under this Program would be paid solely in cash.

2.3 CONVERSION AMOUNT means the dollar amount of the Cash Bonus elected by the Participant to be converted to a Restricted Stock Award under this Program.

2.4 EFFECTIVE DATE means November 30, 1998.

2.5. PARTICIPANT means any Eligible Person who has been designated as potentially eligible to receive a Restricted Stock Award under this Program and who has delivered to the Company an election agreement electing to participate in the Program.

2.6. PLAN means The Macerich Company Amended and Restated 1994 Incentive Plan.

2.7. PROGRAM means this The Macerich Company 1999 Cash Bonus/Restricted Stock Program under the Amended and Restated 1994 Incentive Plan.

2.8. RESTRICTED STOCK means shares of Common Stock awarded to a Participant pursuant to Article IV of the Plan.

2.9. RESTRICTED STOCK AWARD means an award of Restricted Stock granted by the Committee under the Plan based on the Conversion Amount elected under and in accordance with this Program.

2.10. RESTRICTED STOCK AWARD AGREEMENT means an agreement substantially in the form of Exhibit B (as from time to time revised by the Committee).

2.11 YEAR means the applicable calendar year.

ARTICLE III
PARTICIPATION

Each Eligible Person designated by the Committee for any Year may elect in advance to receive all or part (in increments and on forms authorized by the Committee) of any Cash Bonus that may be granted in the future in the form of Restricted Stock to the extent provided in Article IV.

ARTICLE IV
RESTRICTED STOCK OR CASH ELECTIONS

4.1. TIME AND TYPES OF ELECTIONS

On or before December 31, 1998 and September 30 of each subsequent Year, each Eligible Person may make an irrevocable election to receive a percentage of Cash Bonus that may be granted to the Participant during the following Year in shares of Restricted Stock. This election shall become effective only if the Committee, in authorizing the Cash Bonus, expressly recognizes such alternative payment opportunity in Restricted Stock and grants the Restricted Stock at that time. A person who first becomes an Eligible Person after the applicable deadline may, within 30 days of becoming and being designated as an Eligible Person, make an irrevocable election to receive any Cash Bonuses granted during the applicable Year (or remaining portion thereof, as the case may be) in Restricted Stock.

4.2. ELECTION PROCEDURES

The elections shall be made in writing on forms provided by the Company and authorized by the Committee. These forms initially shall take the form of the Election Agreement attached hereto as Exhibit A. Neither the distribution nor completion of election agreements shall convey any right to receive a bonus, in cash or in Restricted Stock. Failure to timely elect Restricted Stock, however, will result in the payment in cash if any cash bonus is awarded.

4.3 NUMBER OF SHARES

The number of shares of Restricted Stock to be granted under this Program shall equal a multiple of the Conversion Amount divided by the Fair Market Value of a share of Common Stock (without regard to any restriction) on the applicable Bonus Payment Date. The multiple shall not be changed as to any election after it is duly made under the terms of this Program without the consent of the Participant.

The multiple for bonuses paid in 1999 and until changed by the Committee shall be 1.5. For example, assume that prior to December 31, 1998 a Participant elects to receive 40% of any cash bonus in Restricted Stock and, on March 1, 1999, the Company grants him a $40,000 cash bonus. The market value of a share of Common Stock on the Bonus Payment Date is $20. The Participant will receive $24,000 in cash and 1,200 shares of Restricted Stock.

4.4. NO FRACTIONAL SHARE INTERESTS

If an election would result in the issuance of a fractional share, the amount of Restricted Stock granted shall be rounded down to the next whole share and the cash alternative amount in lieu of the fractional interest shall be paid in cash.

ARTICLE V
RESTRICTED STOCK AWARDS

The grant of Restricted Stock Awards, including, but not limited to, the terms of grant, conditions and restrictions, the consideration to be paid, dividend rights, vesting, redelivery to the Company, and adjustments in case of changes in the Common Stock, shall be governed by the terms of the Plan, the Program and of the Restricted Stock Award Agreement, substantially in the form of Exhibit B (as from time to time revised by the Committee), to be executed and delivered by the Company and the Participant. After an election is made, the form of the Restricted Stock Award Agreement may not be changed in any manner materially adverse to the Participant without his or her consent. All Restricted Stock Awards are subject to express prior authorization by the Committee of the terms of the Restricted Stock Award and the specific number of shares of Restricted Stock thereunder.

ARTICLE VI
ADMINISTRATION

This Program shall be administered by and all Restricted Stock Awards to Eligible Persons shall be authorized by the Committee. The Committee shall have all powers necessary to accomplish those purposes, including, but not by way of limitation, the following:

(a) to determine the particular Eligible Persons who will receive Cash Bonuses, the extent to which and price at which a Cash Bonus may be settled in shares of Common Stock or Restricted Stock, and the other specific terms and conditions of Restricted Stock Awards consistent with the express limits of this Program and the Plan;

(b) to approve from time to time the election agreement and other forms of Restricted Stock Award Agreements (which need not be identical either as to type of award or among Participants or from year to year); and

(c) to resolve any questions concerning benefits payable to a Participant and make all other determinations and take such other action as contemplated by this Program or the Plan or as may be necessary or advisable for the administration or interpretation of this Program.

ARTICLE VII
MISCELLANEOUS

7.1. INCORPORATION BY REFERENCE

Except where in conflict with the express terms of this Program, the terms of the Plan govern the Program and are incorporated by reference, including, without limitation, the following: the administrative powers and authority of the Committee and the effect of its decisions; the unfunded status of benefits; provisions for non-transferability of rights; rights (or absence of rights) of eligible persons, participants, and beneficiaries; compliance with laws; tax withholding obligation of Participants; privileges of stock ownership; and governing law/construction/severability.

7.2. AMENDMENT, TERMINATION AND SUSPENSION

The Committee or the Board may, at any time, terminate or, from time to time, amend, modify or suspend this Program, in whole or in part. No Restricted Stock Awards may be granted under this Program during any suspension of this Program or after termination of this Program. Termination or amendment of this Program shall have no effect on any then outstanding Restricted Stock Awards.

7.3. TERM OF THIS PROGRAM

The term of this Program is indefinite, subject to the term of the Plan and Section 7.2. All authority of the Committee with respect to Restricted Stock Awards hereunder, including its authority to amend a Restricted Stock Award, shall continue during any suspension of this Program or the Plan, in respect of outstanding Restricted Stock Awards on such Termination Date.

7.4. NON-EXCLUSIVITY OF PROGRAM

Nothing in this Program 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 the Plan or any other plan or authority.

7.5 RELATIONSHIP TO EMPLOYMENT AGREEMENTS

In the case of any Participant who has an employment agreement with the Company, the Conversion Amount reflected by a Restricted Stock Award shall not be, but any remaining cash amount paid as a Cash Bonus shall be, considered a bonus paid in the applicable Year in which it is paid. The consequences of a termination of service, whether before or after a Change in Control, in respect of any benefits related to the Conversion Amount shall be governed solely by the terms of the Restricted Stock Award.

EXHIBIT A

THE MACERICH COMPANY
IRREVOCABLE ELECTION AGREEMENT
UNDER THE
1999 CASH BONUS/RESTRICTED STOCK PROGRAM

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- ---

IF DURING 1999, THE COMPENSATION COMMITTEE GRANTS A CASH BONUS TO ME AND IF THE COMPENSATION COMMITTEE THEN EXPRESSLY AUTHORIZES ME TO RECEIVE ALL OR PART OF THE CASH BONUS IN THE FORM OF A RESTRICTED STOCK AWARD:

I IRREVOCABLY ELECT TO RECEIVE ____% OF MY CASH BONUS IN THE FORM OF A RESTRICTED STOCK AWARD UNDER THE MACERICH COMPANY AMENDED AND RESTATED 1994 INCENTIVE PLAN FOR THE NUMBER OF SHARES CALCULATED ACCORDING TO SECTION 4.3 OF THE PROGRAM.

THIS ELECTION MUST BE FILED WITH THE COMMITTEE, C/O RICHARD A. BAYER, GENERAL COUNSEL, 401 WILSHIRE BOULEVARD, SUITE 700, SANTA MONICA, CALIFORNIA 90401, BY DECEMBER 31, 1998. IF IT IS NOT TIMELY FILED, YOU WILL HAVE NO OPPORTUNITY TO RECEIVE RESTRICTED STOCK IN LIEU OF ANY CASH BONUS AWARDS IN 1999.

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- ---

ACKNOWLEDGMENT AND AGREEMENT

I ACKNOWLEDGE AND AGREE TO THE TERMS OF THIS ELECTION AGREEMENT, THE PROGRAM AND THE PLAN.

I UNDERSTAND THAT THIS ELECTION IS IRREVOCABLE ON MY PART AND IS SUBJECT TO THE TERMS OF THE PROGRAM, THE PLAN (INCLUDING THE INDIVIDUAL SHARE AWARD LIMITS UNDER THE PLAN), ANY LIMITS IMPOSED BY THE COMMITTEE ON THE CONVERSION AMOUNT AND THE RESTRICTED STOCK AWARD AGREEMENT.

- ---
(Participant's Signature) (Date)

- ---
(Print Name)

THE MACERICH COMPANY

RESTRICTED STOCK AWARD AGREEMENT
AMENDED AND RESTATED 1994 INCENTIVE PLAN

Employee Name: _____

Soc. Sec. No.: _____

No. of Shares: _____

Vesting Schedule: [20%/33-1/3%*] on each anniversary of the Award Date, beginning _____ __, _____ and ending _____ __, 200_

Award Date: _____ __, _____

THIS AGREEMENT is among THE MACERICH COMPANY, a Maryland corporation (the "Corporation"), THE MACERICH PARTNERSHIP L.P., a Delaware limited partnership (the "Operating Partnership"), and the employee named above, an employee of [the Operating Partnership](the "Employee") and is delivered under The Macerich Company Amended and Restated 1994 Incentive Plan (the "Plan").

WITNESSETH

WHEREAS, pursuant to Article IV of the Plan, the Corporation has granted to the Employee with reference to services rendered and to be rendered to the Company, effective as of the Award Date, a restricted stock award (the "Restricted Stock Award" or "Award"), upon the terms and conditions set forth herein and in the Plan.

NOW THEREFORE, in consideration of services rendered by the Employee and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. DEFINED TERMS. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. GRANT. Subject to the terms of this Agreement, the Corporation grants to the Employee a Restricted Stock Award with respect to an aggregate number of shares of Common Stock, par value $.01 per share (the "Restricted Stock") set forth above. The Corporation acknowledges, pursuant to Section 4.1 of the Plan, receipt of consideration for the shares in the form of services rendered to the Company by the Employee prior to the Award Date with a value (1) in the case of an award pursuant to the terms of the Corporation's 1999 Cash Bonus/Restricted Stock Program (the "Program") equal to the amount of bonus compensation in

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* Awards to the President and Executive Vice President-Acquisitions (except under the Cash Bonus/Restricted Stock Program) vest at the 33-1/3% rate. As of December 31, 1998, all other restricted stock awards vested at the 20% rate. The Committee has the authority to authorize or to change the vesting schedules.

cash that would otherwise have been payable to the Employee but for the Employee's election to receive Restricted Stock under the Program, or (2) in other cases, not less than the aggregate par value of the shares, which amount in either case is not less than the minimum lawful consideration under Maryland law.

3. VESTING. The Award shall vest, and restrictions (other than those set forth in Section 6.4 of the Plan) shall lapse, with respect to the portion of the total number of shares (subject to adjustment under Section 6.2 of the Plan) on each of the anniversaries of the Award Date until the Award is fully vested, as reflected in the Vesting Schedule above, subject to earlier termination or acceleration as provided herein or in the Plan.

4. DIVIDEND AND VOTING RIGHTS. After the Award Date, the Employee shall be entitled to cash dividends and voting rights with respect to the shares of Restricted Stock subject to the Award even though such shares are not vested, provided that such rights shall terminate immediately as to any shares of Restricted Stock that cease to be eligible for vesting.

5. RESTRICTIONS ON TRANSFER. Prior to the time they become vested, neither the shares of Restricted Stock comprising the Award, nor any other rights of the Employee under this Agreement or the Plan may be transferred, except as expressly provided in Sections 1.9 and 4.1 of the Plan. No other exceptions have been authorized by the Committee.

6. STOCK CERTIFICATES.

(a) BOOK ENTRY FORM; INFORMATION STATEMENT POWER OF ATTORNEY. The Corporation shall issue the shares of Restricted Stock subject to the Award in book entry form, registered in the name of the Employee with notations regarding applicable restrictions on transfer. Concurrent with the execution and delivery of this Agreement, the Corporation shall deliver to the Employee a written information statement with respect to such shares, and the Employee shall deliver to the Corporation an executed stock power, in blank, with respect to such shares. The Employee, by acceptance of the Award, shall be deemed to appoint the Corporation and each of its authorized representatives as the Employee's attorney(s)-in-fact to effect any transfer of unvested forfeited shares (or shares otherwise reacquired by the Corporation hereunder) to the Corporation as may be required pursuant to the Plan or this Agreement and to execute such documents as the Corporation or such representatives deem necessary or advisable in connection with any such transfer.

(b) CERTIFICATES TO BE HELD BY CORPORATION; LEGEND. Any certificates representing Restricted Stock that the Employee may be entitled to receive from the Corporation prior to vesting shall be redelivered to the Corporation to be held by the Corporation until the restrictions on such shares shall have lapsed and the shares shall thereby have become vested or the shares represented thereby have been forfeited hereunder. Such certificates shall bear the following legend:

> "The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions contained in an Agreement entered into between the registered owner, The Macerich Partnership L.P. and The Macerich Company. A copy of

such Agreement is on file in the office of the Secretary of The Macerich Company, 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401."

(c) DELIVERY OF CERTIFICATES UPON VESTING. Promptly after the lapse or other release of restrictions, a certificate or certificates evidencing the number of shares of Common Stock as to which the restrictions have lapsed or been released or such lesser number as may be permitted pursuant to Section 6.5 of the Plan shall be delivered to the Employee or other person entitled under the Plan to receive the shares. The Employee or such other person shall deliver to the Corporation any representations or other documents or assurances required pursuant to Section 6.4 of the Plan. The shares so delivered shall no longer be restricted shares hereunder.

7. EFFECT OF TERMINATION OF EMPLOYMENT.

(a) FORFEITURE AFTER CERTAIN EVENTS. Except as provided in Sections 7(c) and 8 hereof, the Employee's shares of Restricted Stock shall be forfeited to the extent such shares have not become vested upon the date the Employee is no longer employed by the Company for any reason, whether with or without cause, voluntarily or involuntarily. If an entity ceases to be a Subsidiary, such action shall be deemed to be a termination of employment of all employees of that entity, but the Committee, in its sole and absolute discretion, may make provision in such circumstances for accelerated vesting of some or all of the remaining restricted shares under any Awards held by such employees, effective immediately prior to such event.

(b) RETURN OF SHARES. Upon the occurrence of any forfeiture of shares of Restricted Stock hereunder, such unvested, forfeited shares shall, without payment of any consideration by the Corporation for such transfer, be automatically transferred to the Corporation, without any other action by the Employee, or the Employee's Beneficiary or Personal Representative, as the case may be. The Corporation may exercise its powers under Section 6(a) hereof and take any other action necessary or advisable to evidence such transfer. The Employee, or the Employee's Beneficiary or Personal Representative, as the case may be, and the Operating Partnership shall deliver any additional documents of transfer that the Corporation may request to confirm the transfer of such unvested, forfeited shares to the Corporation.

(c) TERMINATION WITHOUT CAUSE FOLLOWING CHANGE IN CONTROL EVENT. If the Employee's employment is terminated by the Company other than because of Employee's death or Disability or for Cause, or if the Employee after a Change in Control Event terminates his or her employment for Good Reason, then any portion of the Award that has not previously vested shall thereupon vest, subject to the provisions of Sections 6.4 and 6.5 of the Plan and Section 11 hereof; provided, however, that in no event shall restrictions on the shares lapse or the shares vest earlier than six months after the date hereof. As used in this Agreement, "Disability" shall mean (1) a "permanent and total disability" within the meaning of Section 22(e)(3) of the Code, (2) the absence of Employee from his or her duties with the Company 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 or its insurers and acceptable to the Employee or the Employee's legal representative (such agreement as to acceptability not to be withheld unreasonably), or (3) such other disabilities, infirmities,

afflictions or conditions as the Committee by rule may include. "Incapacity" as used in this Agreement shall be limited only to a condition that substantially prevents the Employee from performing his or her duties. "Cause" as used in this Agreement shall mean that the Company, acting in good faith based upon the information then known to the Company, determines that the Employee has: (1) failed to perform required job duties in a material respect without proper cause, (2) been convicted of a felony, or (3) committed an act of fraud, dishonesty or gross misconduct which is injurious to the Company. "Good Reason" as used in this Agreement shall mean (1) a materially adverse and significant change in the Employee's position, duties, responsibilities, or status with the Company, (2) a change in the Employee's office location to a point more than 50 miles from the Employee's office immediately prior to a Change in Control, (3) the taking of any action following a Change in Control by the Company to eliminate benefit plans without providing reasonable substitutes therefor, to materially reduce benefits thereunder or to substantially diminish the aggregate value of incentive awards or other fringe benefits, (4) any reduction in the Employee's base salary, or (5) any material breach by the Company of the written employment contract with Employee, if any.

8. EFFECT OF DISABILITY, DEATH OR RETIREMENT. If the Employee incurs a Disability or dies while employed by the Company, then any portion of his or her Award that has not previously vested shall thereupon vest, subject to the provisions of Sections 6.4 and 6.5 of the Plan. If the Employee retires from employment by the Company, the Committee may, on a case-by-case basis and in its sole discretion, provide for partial or complete vesting prior to retirement of that portion of his or her Award that has not previously vested.

9. ADJUSTMENTS UPON SPECIFIED EVENTS. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 6.2 of the Plan, the Committee shall make adjustments if appropriate in the number and kind of securities that may become vested under an Award. If any adjustment shall be made under Section 6.2 of the Plan or a Change in Control Event shall occur and the shares of Restricted Stock are not fully vested upon such Event or prior thereto, the restrictions applicable to such shares of Restricted Stock shall continue in effect with respect to any consideration or other securities (the "RESTRICTED PROPERTY" and, for the purposes of this Agreement, "Restricted Stock" shall include "Restricted Property", unless the content otherwise requires) received in respect of such Restricted Stock. Such Restricted Property shall vest at such times and in such proportion as the shares of Restricted Stock to which the Restricted Property is attributable vest, or would have vested pursuant to the terms hereof if such shares of Restricted Stock had remained outstanding. Notwithstanding the foregoing, to the extent that the Restricted Property includes any cash, the commitment hereunder shall become an unsecured promise to pay an amount equal to such cash (with earnings attributable thereto as if such amount had been invested, pursuant to policies established by the Committee, in interest bearing, FDIC-insured (subject to applicable insurance limits) deposits of a depository institution selected by the Committee) at such times and in such proportions as the Restricted Stock would have vested.

10. POSSIBLE EARLY TERMINATION OF AWARD. As permitted by Section 6.2(b) of the Plan, the Committee retains the right to terminate the Award to the extent not vested upon an event or transaction which the Corporation does not survive. This Section 10 is not intended to prevent vesting of the Award as a result of termination without Cause following a Change in Control Event as provided in Section 7(c) hereof.

11. LIMITATIONS ON ACCELERATION AND REDUCTION IN BENEFITS IN EVENT OF TAX LIMITATIONS.

(a) LIMITATION ON ACCELERATION. Notwithstanding anything contained herein or in the Plan or any other agreement to the contrary, in no event shall the vesting of any share of Restricted Stock be accelerated pursuant to Section 6.3 of the Plan or Section 7(c) hereof to the extent that the Company would be denied a federal income tax deduction for such vesting because of Section 280G of the Code and, in such circumstances, the restricted shares not subject to acceleration will continue to vest in accordance with and subject to the other provisions hereof.

(b) REDUCTION IN BENEFITS. If the 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, the Employee Participant may by written notice to the Secretary of the Corporation designate the order in which such "parachute payments" shall be reduced or modified so that the Company is not denied federal income tax deductions for any "parachute payments" because of Section 280G of the Code.

(c) DETERMINATION OF LIMITATIONS. The term "parachute payments" shall have the meaning set forth in and be determined in accordance with Section 280G of the Code and regulations issued thereunder. All determinations required by this Section 11, including without limitation the determination of whether any benefit, payment or coverage would constitute a parachute payment, the calculation of the value of any parachute payment and the determination of the extent to which any parachute payment would be nondeductible for federal income tax purposes because of Section 280G of the Code, shall be made by an independent accounting firm (other than the Corporation's outside auditing firm) having nationally recognized expertise in such matters selected by the Committee. Any such determination by such accounting firm shall be binding on the Corporation, its Subsidiaries and the Employee.

12. TAX WITHHOLDING. The entity within the Company last employing the Employee shall be entitled to require a cash payment by or on behalf of the Employee and/or to deduct from other compensation payable to the Employee any sums required by federal, state or local tax law to be withheld with respect to the vesting of any Restricted Stock, but, in the alternative the Employee or other person in whom the Restricted Stock vests may irrevocably elect, in such manner and at such time or times prior to any applicable tax date as may be permitted or required under Section 6.5 of the Plan and rules established by the Committee, to have the entity last employing the Employee withhold and reacquire shares of Restricted Stock at their Fair Market Value at the time of vesting to satisfy any withholding obligations of the Company with respect to such vesting. Any election to have shares so held back and reacquired shall be subject to such rules and procedures, which may include prior approval of the Committee, as the Committee may impose, and shall not be available if the Employee makes or has made an election pursuant to Section 83(b) of the Code with respect to such Award.

13. NOTICES. Any notice to be given under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal office located at 401 Wilshire Boulevard, Suite 700, Santa Monica, California 90401, to the attention of the Corporate

Secretary and to the Employee at the address given beneath the Employee's signature hereto, or at such other address as either party may hereafter designate in writing to the other.

14. PLAN. The Award and all rights of the Employee with respect thereto are subject to, and the Employee agrees to be bound by, all of the terms and conditions of the provisions of the Plan, incorporated herein by reference, to the extent such provisions are applicable to Awards granted to Eligible Employees. The Employee acknowledges receipt of a copy of the Plan, which is made a part hereof by this reference, and agrees to be bound by the terms thereof. Unless otherwise expressly provided in other Sections of this Agreement, provisions of the Plan that confer discretionary authority on the Committee do not (and shall not be deemed to) create any rights in the Employee unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Committee so conferred by appropriate action of the Committee under the Plan after the date hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written. By the Employee's execution of this Agreement, the Employee agrees to the terms and conditions hereof and of the Plan.

THE MACERICH COMPANY
(a Maryland corporation)

By

Richard A. Bayer
General Counsel & Secretary

THE MACERICH PARTNERSHIP, L.P.
(a Delaware limited partnership)

By: The Macerich Company
(its general partner)

By

Richard A. Bayer
General Counsel & Secretary

EMPLOYEE

(Signature)

(Print Name)

(Address)

(City, State, Zip Code)

CONSENT OF SPOUSE

In consideration of the execution of the foregoing Restricted Stock Award Agreement by The Macerich Company and The Macerich Partnership L.P., I, _____, the spouse of the Employee therein named, do hereby join with my spouse in executing the foregoing Restricted Stock Award Agreement and do hereby agree to be bound by all of the terms and provisions thereof and of the Plan.

Dated: _____, _____.

Signature of Spouse

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of June 17, 1998 (this "AGREEMENT"), by and between The Macerich Company, a Maryland corporation (the "COMPANY"), and The Ontario Teachers' Pension Plan Board, an Ontario corporation (the "INVESTOR").

WHEREAS, pursuant to that certain Series B Preferred Securities Purchase Agreement, dated as of June 16, 1998 (the "PURCHASE AGREEMENT"), by and between the Company and the Investor, the Investor has agreed to acquire 5,487,471 shares of Series B 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 B 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, subject to any preferential registration rights granted prior to the date of this Agreement.

(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: /s/ Richard A. Bayer

General Counsel and Secretary

THE ONTARIO TEACHERS' PENSION PLAN BOARD

By: /s/ Andrea Stephen

Portfolio Manager
Address:

Fax Number:

REDEMPTION, REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

This REDEMPTION, REGISTRATION RIGHTS AND LOCK-UP AGREEMENT is made as of the 24th day of July, 1998 (this "AGREEMENT"), among THE MACERICH COMPANY, a Maryland corporation (the "COMPANY"), The Macerich Partnership, L.P., a Delaware limited partnership (the "PARTNERSHIP"), 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:
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WHEREAS, on the Closing Date (as defined below), each of the Investors will hold units ("OP Units") representing a limited partnership interest in the Partnership, which may be redeemed for shares of Common Stock, $.01 par value per share, of the Company (the "COMMON STOCK") on the terms and conditions set forth in the Agreement of Limited Partnership (the "PARTNERSHIP AGREEMENT") of the Partnership;

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

WHEREAS, the Investors have agreed to the Lock-Up provision set forth herein; and

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, PROVIDED, HOWEVER, that if upon any redemption of OP Units the Company issues to any 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 the 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.

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 "PERMITTED TRANSFEREES" with respect to each Investor shall mean any Affiliates (as defined in the Partnership Agreement) of such Investor.

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, transfer taxes applicable to Eligible Securities or fees, disbursements and expenses of Investor's counsel, accountants and experts.

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

REDEMPTION, REGISTRATION RIGHTS AND LOCK-UP AGREEMENT

3.1 REDEMPTION RIGHTS. The Investor, upon admission as a limited partner of the Partnership, will be granted rights to redeem OP Units on the terms and conditions set forth in the Partnership Agreement, provided that notwithstanding anything set forth in the Partnership Agreement, the Investor may not: (i) exercise such rights with respect to all or any portion of the OP Units prior to that date which is six months prior to the Closing, (ii) deliver more than two separate redemption notices per calendar year, and (iii) redeem less than 5,000 OP Units (or, if the Investor holds less than 5,000 OP Units, all of the OP Units held by the Investor) in a single redemption.

3.2 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.

3.3 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.

3.4 LOCK-UP AGREEMENT. The Investor agrees, that, prior to that date which is one year following the Closing Date, it will not directly or indirectly, offer, sell, contract to sell, grant any option to purchase, make any short sale, transfer, pledge, cause a registration of, or otherwise dispose of or make a distribution of any of the shares of Common Stock acquired by the redemption of all or any portion of its OP Units, without the prior written consent of the Company.

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. 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.

(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 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 an Investor that the Company has determined in good faith, with the advice of counsel, that such 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 (a "Blackout"), such Investor shall suspend sales of Eligible Securities pursuant to such registration statement until the earlier of:

(a) the date upon which such material information is disclosed to the public or ceases to be material, or

(b) such time as the Company notifies such 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 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 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 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: /s/ Richard A. Bayer

Name: Richard A. Bayer
Title: Secretary and General Counsel

THE MACERICH PARTNERSHIP, L.P.

By: The Macerich Company,
its General Partner

By: /s/ Richard A. Bayer

Name: Richard A. Bayer
Title: Secretary and General Counsel

THE "INVESTORS"

/s/ Harry S. Newman, Jr.

Harry S. Newman, Jr.

/s/ LeRoy H. Brettin

LeRoy H. Brettin

FIRST AMENDED AND RESTATED
CREDIT AND GUARANTY AGREEMENT

among

THE MACERICH PARTNERSHIP, L.P.,
A DELAWARE LIMITED PARTNERSHIP,
AS THE BORROWER,

THE ENTITIES FROM TIME TO TIME PARTIES HERETO
AS GUARANTORS,

THE MACERICH COMPANY,
A MARYLAND CORPORATION,

THE BANKS AND OTHER FINANCIAL INSTITUTIONS
THAT EITHER NOW OR IN THE FUTURE
ARE PARTIES HERETO

and

WELLS FARGO BANK,
NATIONAL ASSOCIATION,
AS THE AGENT

June 25, 1998

$150,000,000

CONTENTS

FIRST AMENDED AND RESTATED
CREDIT AND GUARANTY AGREEMENT

FIRST AMENDED AND RESTATED CREDIT AND GUARANTY AGREEMENT, dated as of June 25, 1998 (as amended from time to time, this "AGREEMENT"), by and among THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership (the "BORROWER"), THE ENTITIES FROM TIME TO TIME PARTIES HERETO AS GUARANTORS, THE MACERICH COMPANY, a Maryland corporation (the "REIT"), THE BANKS AND OTHER FINANCIAL INSTITUTIONS THAT EITHER NOW OR IN THE FUTURE ARE PARTIES HERETO (collectively, the "LENDERS" and each individually, a "LENDER"), and WELLS FARGO BANK, NATIONAL ASSOCIATION (including in its capacity as an issuer of Letters of Credit, the "AGENT BANK"), as agent and representative for the Lenders (the Agent Bank in such capacity or any successor in such capacity is referred to herein as the "AGENT"). The Lenders (including the Agent Bank) and the Agent are collectively referred to herein as the "LENDER PARTIES" and each individually as a "LENDER PARTY."

R E C I T A L S

A. The Borrower, the Guarantors, the REIT, the Agent and the Agent Bank have entered into a Credit and Guaranty Agreement dated as of February 26, 1998 (the "EXISTING CREDIT AGREEMENT").

B. As of the Closing Date, (I) the Existing Credit Agreement is being amended and restated as set forth herein, (II) all outstanding Advances (the "EXISTING COMMITTED ADVANCES") under the Existing Credit Agreement will be considered "Committed Advances" under this Agreement, (III) the outstanding Letter of Credit under the Existing Credit Agreement (the "EXISTING LETTER OF CREDIT") will be considered "Committed Advances" and a "Letter of Credit" under this Agreement, (IV) the Agent Bank is assigning a portion of its Commitment hereunder (the "ASSIGNED COMMITMENT") and a corresponding portion of the Existing Committed Advances and participations in the Existing Letter of Credit (the "TRANSFERRED PARTICIPATIONS") to certain additional lenders (the "NEW LENDERS") and (IV) the New Lenders are assuming the Agent Bank's obligations under the Assigned Commitment and the Transferred Participations, all of which transactions will occur contemporaneously.

ARTICLE 1.

DEFINITIONS AND RELATED MATTERS

SECTION 1.1. DEFINITIONS. The following terms with initial capital letters have the following meanings:

"ABSOLUTE RATE" means, in connection with any Absolute Rate Auction, the rate of interest per annum (expressed in multiples of 1/1000th of one percent) offered for any Bid Advance to be made pursuant to Section 2.1.2.

"ABSOLUTE RATE AUCTION" means a solicitation of a Competitive Bid setting forth Absolute Rates pursuant to Section 2.1.2.3.1.

"ABSOLUTE RATE BID ADVANCE" means a Bid Advance that bears interest at an Absolute Rate.

"ACQUISITION" is defined in Section 4.3.1.

"ACQUISITION ADVANCES" is defined in Section 4.3.1.3.

"ACQUISITION AGREEMENT" is defined in Section 4.3.1.6.

"ADVANCE" means a Committed Advance or a Bid Advance.

"AFFILIATE" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. Unless otherwise indicated, "Affiliate" refers to an Affiliate of any Borrower Party. Notwithstanding the foregoing, in no event shall any Lender Party or any Affiliate of any Lender Party be deemed to be an Affiliate of the Borrower.

"AGENT" is defined in the Preamble.

"AGENT BANK" is defined in the Preamble.

"AGENT'S ACCOUNT" means the account identified on SCHEDULE 1.1B as the Agent's Account or such account as the Agent may hereafter designate by notice to the Borrower and each Lender.

"AGENT'S OFFICE" means the office of the Agent identified as such on SCHEDULE 1.1.B, or such other office as the Agent may hereafter designate by notice to the Borrower and each Lender.

"AGREEMENT" is defined in the Preamble and includes all Schedules and Exhibits.

"APPLICABLE LAW" means all applicable provisions of all (i) constitutions, treaties, statutes, laws, rules, regulations and ordinances of any Governmental Authority, (ii) Governmental Approvals and (iii) orders, decisions, judgments, awards and decrees of any Governmental Authority.

"APPLICABLE LENDING OFFICE" means, with respect to any Lender, (i) in the case of any payment with respect to Fixed Rate Advances or Fixed Rate Bid Advances, the Lender's LIBO Lending Office, and (ii) in the case of any payment with respect to Base Rate Advances or

Absolute Rate Bid Advances or any other payment under the Loan Documents, the Lender's Domestic Lending Office.

"APPLICABLE LIBO MARGIN" means, in respect of Fixed Rate Advances that are Committed Advances, at any date, (i) 0.950% per annum if the ratio of Total Liabilities to Gross Asset Value (expressed as a percentage) as of the last day of the Fiscal Quarter most recently ended is less than 45.0%, (ii) 1.000% per annum if the ratio of Total Liabilities to Gross Asset Value (expressed as a percentage) as of the last day of the Fiscal Quarter most recently ended is greater than or equal to 45.0% but less than 55.0%, (iii) 1.100% per annum if the ratio of the Total Liabilities to Gross Asset Value (expressed as a percentage) as of the last day of the Fiscal Quarter most recently ended is greater than or equal to 55.0% but less than 60.0%, or (iv) 1.150% per annum if none of clause (i), (ii) or (iii) applies (including if the Compliance Certificate showing that any of clause (i), (ii) or (iii), as the case may be, is satisfied is not delivered when required hereby), PROVIDED in the case of any of clause (i), (ii) or (iii), at least four Business Days shall have expired from the day on which the Borrower shall have delivered a Compliance Certificate showing that any of clause (i), (ii) or (iii) is satisfied and PROVIDED, FURTHER, that any change in the Applicable LIBO Margin resulting from the change in the ratio of Total Liabilities to Gross Asset Value shall not take effect until the fifth Business Day after the Compliance Certificate with respect to a Fiscal Quarter is (or is required to be) delivered.

"APPLICABLE LIBO RATE" means, (i) in respect of Fixed Rate Advances that are Committed Advances, the rate of interest, rounded upward (if necessary) to the nearest whole multiple of .01%, equal to the sum of (x) the Applicable LIBO Margin, PLUS (y) the LIBO Rate, which LIBO Rate is divided by 1.00 minus the Reserve Percentage, and (ii) in respect of Fixed Rate Bid Advances, the rate of interest, rounded upward (if necessary) to the nearest whole multiple of .01%, equal to the sum of (x) the LIBO Bid Margin, PLUS (y) the LIBO Rate, which LIBO Rate is divided by 1.00 MINUS the Reserve Percentage; which, in the case of either clause (i) or clause (ii) , may be expressed as follows:

Applicable LIBO Rate = Applicable LIBO Margin + LIBO Rate / (1 - Reserve Percentage)
OR
LIBO Bid Margin, as the case may be

"ASSIGNED COMMITMENT" is defined in the Recitals.

"ASSIGNMENT" and "ASSIGNMENT AND ACCEPTANCE" are defined in Section 10.5.2.

"BANKRUPTCY CODE" means Title 11 of the United States Code (11 U.S.C. Section 101 ET SEQ.), as amended from time to time.

"BANKRUPTCY REMOTE ENTITY" means a Consolidated Entity (i) one hundred percent of the Capital Stock of which is owned, directly or indirectly, by the Borrower or the REIT and (ii) which is a so-called "bankruptcy remote special purpose vehicle" or "bankruptcy

remote SPV" that meets the published criteria in effect from time to time of S&P, Moody's, Duff & Phelps Credit Rating Co. or Fitch Investors Service Inc.

"BASE RATE" means a fluctuating interest rate per annum as shall be in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(i) the then effective Prime Rate; or

(ii) the then effective Federal Funds Rate PLUS 0.50%.

Each change in the interest rate on Advances based on a change in the Base Rate shall be effective as of the effective date of such change in the Base Rate.

"BASE RATE ADVANCE" means any Committed Advance that constitutes or, when made, will constitute, part of the Base Rate Portion.

"BASE RATE PORTION" means, at any time, the portion or portions of the unpaid principal balance of all Committed Advances bearing interest at a rate determined by reference to the Base Rate.

"BID ADVANCE" means an Advance by a Lender pursuant to the Bid Facility, which may be either an Absolute Rate Bid Advance or a Fixed Rate Bid Advance.

"BID ADVANCE LIMIT" means the lesser of (i) Seventy-Five Million Dollars ($75,000,000) or (ii) the aggregate amount of the Commitments of all Lenders.

"BID ADVANCE NOTE" means a promissory note made by Borrower payable to the order of any Lender, in the amount of the lesser of (i) the Bid Advance Limit or (ii) the aggregate amount of the Bid Advances from time to time outstanding to such Lender, which note is substantially in the form of EXHIBIT A-2, as amended from time to time.

"BID FACILITY" means the credit facility for the requesting and making of Bid Advances described in Section 2.1.2.

"BOARD OF DIRECTORS" means the Board of Directors, as constituted from time to time, of the REIT (in the case of actions to be taken by the REIT, the Borrower or any other Borrower Party or Consolidated Entity of which the REIT is the general partner or manager) or of any other Borrower Party or Consolidated Entity (as in the case of actions to be taken by such Borrower Party or Consolidated Entity or by any other Borrower Party or Consolidated Entity of which such Borrower Party or Consolidated Entity is the general partner or manager).

"BORROWER" is defined in the Preamble and includes its successors and permitted assigns.

"BORROWER ACCOUNT" means the account of the Borrower identified as such on SCHEDULE 10.4., or such other account as the Borrower may hereafter designate by notice to the

Agent (including in connection with a Credit Sweep Program), PROVIDED that if such account is maintained with any Person other than the Agent Bank, such designation shall not be effective unless and until a Funds Transfer Agreement and all documents contemplated thereby are executed and delivered by the Borrower to the Agent Bank.

"BORROWER PARTY" means the Borrower, any Guarantor or the REIT. Notwithstanding anything herein to the contrary, recourse to the REIT for payment and performance of the Obligations is limited as set forth in Section 10.12.

"BORROWING" means a contemporaneous borrowing of Advances or the issuance of a Letter of Credit, as applicable.

"BULLET PAYMENT" means any payment of the entire unpaid balance of any Debt at its final maturity other than the final payment with respect to a loan that is fully amortized over its term.

"BUSINESS DAY" means a day of the week (but not a Saturday, Sunday or holiday) on which the offices of banks located in San Francisco and Los Angeles, California are open to the public for carrying on substantially all of such banks' business functions, PROVIDED that with respect to any Fixed Rate Advance, "Business Day" shall further mean any day on which commercial banks are open for dealings in Dollar deposits in the London interbank market.

"CAPITAL STOCK" means, with respect to any Person, all (i) shares, interests, participations or other equivalents (howsoever designated) of capital stock or partnership or other equity interests of such Person and (ii) rights (other than debt securities convertible into capital stock or other equity interests), warrants or options to acquire any such capital stock or partnership or other equity interests of such Person. The term "Capital Stock" includes the Partnership Units of the Borrower.

"CAPITALIZED LEASES" means all leases of the REIT and the Consolidated Entities of real or personal property that are required to be capitalized on the consolidated balance sheets of such Persons.

"CAPITALIZED LOAN FEES" means, with respect to the REIT, any Consolidated Entity or any Unconsolidated Joint Venture, and with respect to any period, any upfront, closing or similar fees paid by such Person in connection with the incurrence or refinancing of Debt during such period that are capitalized on the balance sheet of such Person.

"CLOSING DATE" means the earliest date upon which all of the conditions to the effectiveness of this Agreement set forth in Section 4.1. are satisfied.

"CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"COLLATERAL" is defined in Section 3.2.

"COMMENCEMENT OF CONSTRUCTION" with respect to a Real Property, means the commencement of material on-site work (including grading) or the commencement of a work of improvement of such Real Property.

"COMMITMENT" means, with respect to each Lender, the amount set forth for such Lender as its "Commitment" on SCHEDULE 1.1.A, as reduced or terminated from time to time pursuant to the terms hereof.

"COMMITMENT USAGE" means, at any time, (i) with respect to any Lender, the sum of (A) the aggregate unpaid principal amount of all Committed Advances made by such Lender, PLUS (B) the Lender's PRO RATA share of all Letter of Credit Liability, PLUS (C) the Lender's PRO RATA share of the Interest Reserve PLUS (D) the Lender's PRO RATA share of all Bid Advances outstanding (regardless of whether such Bid Advances were made by such Lender) or (ii) with respect to all Lenders, the sum of (A) the aggregate unpaid principal amount of all Committed Advances made by all Lenders, PLUS (B) all Letter of Credit Liability, PLUS (C) the Interest Reserve, PLUS (D) all Bid Advances outstanding, in each case giving effect to the Borrowings then requested. For purposes of clause (i)(D), a Lender's PRO RATA share of all Bid Advances shall be equal to the aggregate amount of such Bid Advances, multiplied by a fraction, the numerator of which is such Lender's Commitment and the denominator of which is the aggregate Commitments of all Lenders.

"COMMITTED ADVANCE" is defined in Section 2.1.1.1.

"COMPETITIVE BID" means an offer by a Lender to make a Bid Advance in response to a Competitive Bid Request, substantially in the form of EXHIBIT B-4.

"COMPETITIVE BID REQUEST" means a notice, in substantially the form of EXHIBIT B-3, requesting that Lenders submit Competitive Bids.

"COMPLIANCE CERTIFICATE" means a certificate of the chief financial officer and the secretary of each Borrower Party, substantially in the form of EXHIBIT C-4.

"CONSOLIDATED ENTITIES" means, collectively, (i) the Borrower, (ii) any other Person the accounts of which are consolidated with those of the REIT in the consolidated financial statements of the REIT in accordance with GAAP, and (iii) except for purposes of Sections 7.1.2. and 7.3. all Unconsolidated Joint Ventures of which any Consolidated Entity is a general partner.

"CONSTRUCTION-IN-PROCESS" means, with respect to any Retail Property Under Construction, the aggregate amount of expenditures classified as "construction-in-process" on the REIT's balance sheet with respect thereto.

"CONTINGENT OBLIGATION" means, as to any Person, any obligation, direct or indirect, contingent or otherwise, of such Person (i) with respect to any Debt or other obligation of another Person, including any direct or indirect guarantee of such Debt (other than any

endorsement for collection in the ordinary course of business) or any other direct or indirect obligation, by agreement or otherwise, to purchase or repurchase any such Debt or obligation or any security therefor, or to provide funds for the payment or discharge of any such Debt or obligation (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), (ii) to provide funds to maintain the financial condition of the other Person, or (iii) otherwise to assure or hold harmless the holders of Debt or other obligation of another Person against loss in respect thereof. The amount of any Contingent Obligation shall be an amount equal to the amount of the Debt or obligation guaranteed or otherwise supported thereby. Notwithstanding the foregoing, "CONTINGENT OBLIGATIONS" shall not include (x) any obligation of the Borrower or any of the Consolidated Entities under any contract for the acquisition of Real Property entered into in the ordinary course to pay the purchase price of such Real Property prior to the transfer of title to such Real Property, (y) any unliquidated contingent liabilities under environmental indemnities given by the Borrower or any of the Consolidated Entities or (z) any amount representing the excess of the obligations of an Unconsolidated Joint Venture over the Borrower's PRO RATA share of such obligations.

"CONTRACTUAL OBLIGATION" means, as applied to any Person, any provision of any security issued by that Person or of any agreement or other instrument to which that Person is a party or by which it or any of the properties owned by it is bound or otherwise subject.

"CONTROL" means the possession, directly or indirectly, of the power, whether or not exercised, to direct or cause the direction of the management or policies of a Person, whether through the ownership of Capital Stock, by contract or otherwise, and the terms "CONTROLLED" and "COMMON CONTROL" have correlative meanings.

"CONTROLLED CONSOLIDATED ENTITY" means any Consolidated Entity, except an Unconsolidated Joint Venture that is not controlled by the REIT or the Borrower, PROVIDED that any Unconsolidated Joint Venture the general partners of which include both a Consolidated Entity (or a Person controlled by a Consolidated Entity) and a Person (the "THIRD PERSON") other than a Consolidated Entity (or an Affiliate of a Consolidated Entity) shall not be a Controlled Consolidated Entity as to any transaction or matter that such Third Person has the power, under Applicable Law, to engage in or undertake on behalf of the Unconsolidated Joint Venture without the consent of the Consolidated Entity that is also a general partner (whether or not such consent would be required under the partnership agreement or any other Contractual Obligation of the Third Person or the Unconsolidated Joint Venture).

"CONTROLLED GROUP" means all domestic and foreign members of a controlled group of corporations under Section 1563(a) of the Code (determined without regard to Section 1563(b)(2)(C) of the Code) and all trades or businesses (irrespective of whether incorporated) that are under common control with the REIT. With regard to all Plans and Multiemployer Plans, "CONTROLLED GROUP" includes all ERISA Affiliates.

"CREDIT SWEEP PROGRAM" is defined in Section 2.1.1.3.3.

"CUT-OFF DATE" is defined in Section 4.3.2.1.

"DEBT" means, with respect to any Person, the aggregate amount of, without duplication: (i) all obligations for borrowed money including, in the case of the REIT, the Permitted Subordinated Debentures; (ii) all obligations evidenced by bonds, debentures, notes or other similar instruments; (iii) all obligations to pay the deferred purchase price of property or services, including trade accounts payable arising in the ordinary course of business; (iv) all Capitalized Leases; (v) all obligations or liabilities of others secured by a Lien on any asset owned by such Person or Persons whether or not such obligation or liability is assumed; (vi) all obligations of such Person or Persons, contingent or otherwise, in respect of any letters of credit or bankers' acceptances; (vii) the maximum fixed redemption or repurchase price of Disqualified Capital Stock of such Person at the date of determination, (viii) all Contingent Obligations and (ix) the Interest Reserve, which shall be considered unsecured Debt for purposes of this Agreement.

"DEFAULT" means any condition or event that, with the giving of notice or lapse of time or both, would, unless cured or waived, become an Event of Default.

"DEFAULTING LENDER" is defined in Section 9.10.2.

"DEFINED BENEFIT PLAN" means any pension plan subject to Title IV of ERISA including a Multiemployer Plan and any money purchase pension plan subject to the funding requirements of Section 412 of the Code.

"DEPRECIATION AND AMORTIZATION EXPENSE" means (without duplication), for any period, the sum for such period of (i) total depreciation and amortization expense, whether paid or accrued, of the REIT and the Consolidated Entities, PLUS (ii) the REIT's and any Consolidated Entity's PRO RATA share of depreciation and amortization expenses of Unconsolidated Joint Ventures. For purposes of this definition, the REIT's PRO RATA share of depreciation and amortization expense of any Unconsolidated Joint Venture shall be deemed equal to the product of (i) the depreciation and amortization expense of such Unconsolidated Joint Venture, MULTIPLIED BY (ii) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

"DISQUALIFIED CAPITAL STOCK" of any Person means any Capital Stock of such Person that by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or otherwise (including upon the occurrence of any event), is required to be redeemed or is redeemable for cash at the option of the holder thereof, in whole or in part (including by operation of a sinking fund), or is exchangeable for Debt (other than at the option of such Person), in whole or in part, at any time prior to the 91st day after the Maturity Date.

"DOLLARS" and "$" means lawful money of the United States of America.

"DOMESTIC LENDING OFFICE" means the office, branch or Affiliate of the Lender identified on SCHEDULE 1.1B designated as its Domestic Lending Office or such other office, branch or Affiliate as such Lender may hereafter designate as its Domestic Lending Office for one or more types of Advances by notice to the Borrower and the Agent.

"EBITDA" means, for any period, (i) Net Income, PLUS (without duplication) (A) Interest Expense, (B) Tax Expense, and (C) Depreciation and Amortization Expense, in each case for such period.

"EFFECTIVE RATE" is defined in Section 2.4.1.

"ELIGIBLE ASSIGNEE" is defined in Section 10.5.2.

"ENVIRONMENTAL DAMAGES" means all claims, judgments, damages, losses, penalties, liabilities (including strict liability), costs and expenses, including costs of investigation, remediation, defense, settlement and attorneys' fees and consultants' fees, that are incurred at any time as a result of the existence of Hazardous Materials upon, about or beneath any Real Property or migrating or threatening to migrate to or from any Real Property, or arising in any manner whatsoever out of any violation of Environmental Requirements.

"ENVIRONMENTAL LIEN" means a Lien in favor of any Governmental Authority for Environmental Damages.

"ENVIRONMENTAL REQUIREMENTS" means all Applicable Laws relating to Hazardous Materials or the protection of human health or the environment, including all requirements pertaining to reporting, permitting, investigation and remediation of releases or threatened releases of Hazardous Materials into the environment, or relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means any Person that is or was a member of the controlled group of corporations or trades or businesses (as defined in Subsection (b), (c), (m) or (o) of Section 414 of the Code) of which any Borrower Party is or was a member at any time within the last six years.

"EXISTING COMMITTED ADVANCES" is defined in the Recitals.

"EXISTING CREDIT AGREEMENT" is defined in the Recitals.

"EXISTING LETTER OF CREDIT" is defined in the Recitals.

"EXISTING WFB CREDIT AGREEMENT" means that certain Second Amended and Restated Credit and Guaranty Agreement, dated as of December 13, 1996 (as amended by Amendment No. 1 to Second Amended and Restated Credit and Guaranty Agreement dated as of July 10, 1997, and Amendment No. 2 to Second Amended and Restated Credit and Guaranty Agreement dated as of December 31, 1997).

"EXTENSION FEE" is defined in Section 2.6.4.

"EVENT OF DEFAULT" means any of the events specified in Section 8.1.

"FACILITY FEE" is defined in Section 2.6.3.

"FAIR SALABLE VALUE" is defined in Section 3.9.

"FAIR VALUATION" is defined in Section 3.9.

"FEDERAL FUNDS RATE" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York on the Business Day next succeeding such day, PROVIDED that if such rate is not so published for any day that is a Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Agent Bank on such day on such transactions as determined by the Agent Bank.

"FEDERAL RESERVE BOARD" means the Board of Governors of the Federal Reserve System, or any successor thereto.

"FEE LETTER" means that certain letter dated June __, 1998 between the Borrower and the Agent, as amended from time to time.

"FEES" means, collectively, the fees described or referenced in the Fee Letter and in Section 2.6.

"FISCAL YEAR" means the fiscal year of the REIT, which shall be the 12-month period ending on December 31 in each year or such other period as the REIT may designate and the Agent may approve in writing. "FISCAL QUARTER" or "FISCAL QUARTER" means any quarter of a Fiscal Year.

"FIXED CHARGES" means, for any period, the sum of the amounts for such period of (i) scheduled payments of principal of Debt of the REIT and the Consolidated Entities (other than any Bullet Payment), (ii) the REIT's PRO RATA share of scheduled payments of principal of Debt of Unconsolidated Joint Ventures (other than any Bullet Payment) that does not otherwise constitute Debt of and is not otherwise recourse to the REIT and the Consolidated Entities or their assets, (iii) Interest Expense, (iv) payments of dividends in respect of Disqualified Capital Stock and (v) an amount equal to $0.05 per quarter, MULTIPLIED BY the total square footage of all Real Properties owned by the Consolidated Entities and the PRO RATA share of square footage of all Real Properties owned by the Unconsolidated Joint Ventures, in each case, at the end of such period. For purposes of clauses (ii) and (v), the REIT's PRO RATA share of payments by or square footage of any Unconsolidated Joint Venture shall be deemed equal to the product of (a) the payments made by or square footage of such Unconsolidated Joint Venture, MULTIPLIED BY (b) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

"FIXED CHARGE COVERAGE RATIO" means, at any time, the ratio of (i) EBITDA for the fiscal quarter then most recently ended, to (ii) Fixed Charges for such period.

"FIXED RATE" means (i) in the case of Committed Advances, the Applicable LIBO Rate as accepted by the Borrower as an Effective Rate for a particular Fixed Rate Period and Fixed Rate Portion or (ii) in the case of Fixed Rate Bid Advances, the Applicable LIBO Rate for the Fixed Rate Period applicable to such Fixed Rate Bid Advances.

"FIXED RATE ADVANCE" means any Advance that constitutes or, when made, will constitute, the Fixed Rate Portion of any Committed Advance or a Fixed Rate Bid Advance.

"FIXED RATE AUCTION" means a solicitation of Competitive Bids setting forth LIBO Bid Margins pursuant to Section 2.1.2.3.1.

"FIXED RATE BID ADVANCE" means a Bid Advance that bears interest for the relevant Fixed Rate Period, at a Fixed Rate.

"FIXED RATE COMMENCEMENT DATE" , with respect to any Fixed Rate Advance that is a Committed Advance, is defined in Section 2.4.2.4. and, with respect to any Fixed Rate Bid Advance or Absolute Rate Bid Advance, is defined in Section 2.1.2.3.6.

"FIXED RATE NOTICE" means, with respect to any Fixed Rate Advance, a written notice, substantially in the form of EXHIBIT B-2, which confirms the Fixed Rate for a particular Fixed Rate Period and, if the Fixed Rate Advance is a Committed Advance, the Fixed Rate Portion or, if the Fixed Rate Advance is a Bid Advance, the amount of the Bid Advance.

"FIXED RATE PERIOD" means the period or periods of (a) in respect of any Fixed Rate Advance that is a Committed Advance, (i) one, two, three or six months; or (ii) any other period of at least one month that ends at the Maturity Date, which periods are selected by the Borrower pursuant to Section 2.4.2. and may be confirmed in a Fixed Rate Notice; (b) in respect of any Absolute Rate Bid Advance, the period, commencing on the Funding Date in respect of such Bid Advance and ending on a date that is thirty, sixty or ninety days later, as selected by the Borrower in the related Competitive Bid Request; and (c) in respect of any Fixed Rate Advance that is a Fixed Rate Bid Advance, the period, commencing on the Funding Date in respect of such Bid Advance and ending on a date that is one, two or three months later; PROVIDED that no Fixed Rate Period shall extend beyond the Maturity Date. Notwithstanding the foregoing: (a) if a Fixed Rate Advance that is a Committed Advance is continued, the Fixed Rate Period applicable to the continued or converted Advance shall commence on the day on which the Fixed Rate Period applicable to such Fixed Rate Advance ends; (b) any Fixed Rate Period applicable to a Fixed Rate Advance (1) that would otherwise end on a day that is not a Business Day shall be extended to the next succeeding Business Day, unless such succeeding Business Day falls in another calendar month, in which case such Fixed Rate Period shall end on the next preceding Business Day or (2) that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Fixed Rate Period) shall end on the last Business Day of the calendar month at the end of such Fixed

Rate Period.

"FIXED RATE PORTION" means the portion or portions of the unpaid principal balance of all Committed Advances that the Borrower selects to have subject to a Fixed Rate. The Fixed Rate Portion shall comply with Sections 2.4.2.7.

"FIXED RATE PRICE ADJUSTMENT" is defined in Section 2.13.

"FLOATING RATE DEBT" is defined in Section 7.3.6.

"FUNDING DATE" means any date on which an Advance is (or is requested to be) made or a Letter of Credit is (or is requested to be) issued.

"FUNDS FROM OPERATIONS" or "FFO" means, for any period, the "Funds From Operations" calculated for such period in accordance with NAREIT Guidelines, PROVIDED that, notwithstanding Section 10.8., the components of Funds From Operations or FFO shall be calculated on the basis of, and in accordance with, GAAP as it exists on the date of this Agreement, and no effect shall be given to any changes to such accounting principles that may be made from time to time after the Closing Date. It is understood by the parties that, notwithstanding the internal accounting practices or operations of the Borrower, the defined terms included in this definition shall have the meanings set forth in this Agreement.

"FUNDS TRANSFER AGREEMENT" means a Funds Transfer Agreement for Disbursement of Loan Proceeds between the Agent Bank and the Borrower, on the Agent Bank's standard form, executed and delivered after the date hereof as contemplated by the definition of "Borrower Account," as such agreement may be amended from time to time.

"GAAP" means generally accepted accounting principles as in effect in the United States of America (as such principles are in effect on the date hereof).

"GOVERNMENTAL APPROVAL" means an authorization, consent, approval, permit or license issued by, or a registration or filing with, any Governmental Authority.

"GOVERNMENTAL AUTHORITY" means any nation and any state or political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any tribunal or arbitrator of competent jurisdiction.

"GROSS ASSET VALUE" means, at any time, the sum of (without duplication):

(i) for Retail Properties that are Wholly-Owned , the sum of, for each such property, (a) such property's Property NOI for the Measuring Period, MULTIPLIED BY 4, DIVIDED BY (b) (1) 8.5% (expressed as a decimal), in the case of regional Retail Properties (other than Huntington Beach Mall) or (2) 9.5% (expressed as a decimal) in the case of Huntington Beach Mall or other Retail Properties that are not regional Retail Properties, PLUS

(ii) for Retail Properties that are not Wholly-Owned, the sum of, for each such property, (a) the Gross Asset Value of each such Retail Property at such time, as calculated pursuant to the foregoing clause (i), MULTIPLIED BY (b) a percentage (expressed as a decimal) equal to the percentage of the total outstanding Capital Stock held by the Borrower of the Consolidated Entity or Unconsolidated Joint Venture holding title to such Retail Properties, PLUS

(iii) all cash and Permitted Investments (other than, in either case, Restricted Cash) held by the Consolidated Entities at such time, MULTIPLIED BY in the case of cash and Permitted Investments not Wholly-Owned, a percentage (expressed as a decimal) equal to the percentage of the total outstanding Capital Stock held by the Borrower of the Consolidated Entity holding title to such cash and Permitted Investments, PLUS

(iv) for Mortgage Loans that are Wholly-Owned, the lowest of (A) the book value of each such Mortgage Loan at the time it is initially acquired, (B) the book value of each such Mortgage Loan at the time Gross Asset Value is being determined, or (C) the excess, if any, of (1) 80% of the Gross Asset Value of the Retail Property securing such Mortgage Loan, determined pursuant to the applicable clause of this definition as if such Retail Property were Wholly-Owned, over (2) the amount of any Debt and other liabilities or obligations, absolute or contingent, also secured by a Lien on such Retail Property, which Lien is senior to or PARI PASSU with the Lien securing such Mortgage Loan; PLUS

(v)(a) 100% of Construction-in-Process with respect to Retail Properties that are Wholly-Owned and (b) the product of (1) 100% of Construction-in-Process with respect to Retail Properties Under Construction that are not Wholly-Owned MULTIPLIED BY (2) a percentage (expressed as a decimal) equal to the percentage of the total outstanding Capital Stock held by the Borrower of the Consolidated Entity or Unconsolidated Joint Venture holding title to such Retail Properties Under Construction;

PROVIDED, HOWEVER, that the determination of Gross Asset Value for any period shall not include any Retail Property that has been sold or otherwise disposed of at any time prior to or during such period.

"GUARANTOR" means (i) any Initial Guarantor and (ii) any other Person who from time to time becomes a Guarantor hereunder by executing and delivering a Joinder Agreement substantially in the form of EXHIBIT E, in each case unless and until such Person is released from any further liability hereunder as specified in the definition of "Unencumbered Asset."

"GUARANTY" is defined in Section 3.1.

"HAZARDOUS MATERIALS" means any chemical substance (i) the presence of which requires investigation or remediation under any Applicable Law; or (ii) that is or becomes defined as a "hazardous waste" or "hazardous substance" under any Applicable Law, including the Comprehensive Environmental Response, Compensation and Liability Act (42 U.S.C. Section 9601 ET SEQ.) or the Resource Conservation and Recovery Act (42 U.S.C. Section 6901 ET SEQ.); or (iii) that is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic,

mutagenic, or otherwise hazardous and is or becomes regulated by any Governmental Authority; or (iv) the presence of which on any Real Property causes or threatens to cause a nuisance upon the Real Property or to adjacent properties or poses or threatens to pose a hazard to any Real Property or to the health or safety of Persons on or about any Real Property; or (v) which contains gasoline, diesel fuel or other petroleum hydrocarbons; or (vi) which contains polychlorinated biphenyls (PCBs) or asbestos.

"HUNTINGTON BEACH MALL" means the property identified as such on Schedule 1.1C.

"INDEMNIFIED LIABILITIES" is defined in Section 10.1.3.

"INDEMNITEES" is defined in Section 10.1.3.

"INITIAL GUARANTORS" means MACERICH BRISTOL ASSOCIATES, a California general partnership, and its successors, and MACERICH BUENAVENTURA LIMITED PARTNERSHIP, a California limited partnership, and its successors, MACERICH HUNTINGTON LIMITED PARTNERSHIP, a California limited partnership, and its successors, and MACERICH STONEWOOD LIMITED PARTNERSHIP, a California limited partnership, and its successors.

"INSOLVENT" is defined in Section 3.9.

"INTANGIBLE ASSETS" means (i) all unamortized debt discount and expense, unamortized deferred charges, goodwill and other intangible assets and (ii) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of assets of a going concern business made within twelve months after the acquisition of such business) subsequent to December 31, 1994, in the book value of any asset owned by the REIT or any Consolidated Entity.

"INTEREST COVERAGE RATIO" means, at any time, the ratio of (i) EBITDA for the fiscal quarter then most recently ended, to (ii) Interest Expense for such period.

"INTEREST EXPENSE" means, for any period, the sum (without duplication) for such period of (i) total interest expense, whether paid or accrued, of the REIT and the Consolidated Entities, including Fees payable pursuant to Section 2.6., charges in respect of Letters of Credit and the portion of any Capitalized Lease Obligations allocable to interest expense, including the REIT's share of interest expenses in Unconsolidated Joint Ventures but excluding amortization or write-off of debt discount and expense (except as provided in clause (ii) below), (ii) amortization of costs related to interest rate protection contracts and rate buydowns (other than the costs associated with the interest rate buydowns completed in connection with the initial public offering of the REIT), (iii) capitalized interest, PROVIDED that capitalized interest may be excluded from this clause (iii) to the extent such interest (A) does not exceed the Interest Reserve designated for such period or (B) is paid or reserved out of any interest reserve established under a loan facility, (iv) for purposes of determining Interest

Expense as used in the Fixed Charge Coverage Ratio (both numerator and denominator) only, amortization of Capitalized Loan Fees, (v) to the extent not included in clauses (i), (ii), (iii) and (iv), the REIT's PRO RATA share of interest expense and other amounts of the type referred to in such clauses of the Unconsolidated Joint Ventures, and (vi) interest incurred on any liability or obligation that constitutes a Contingent Obligation of the REIT or any Consolidated Entity. For purposes of clause (v), the REIT's PRO RATA share of interest expense or other amount of any Unconsolidated Joint Venture shall be deemed equal to the product of (a) the interest expense or other relevant amount of such Unconsolidated Joint Venture, MULTIPLIED BY (b) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

"INTEREST RESERVE" means, with respect to any Fiscal Quarter, the dollar amount designated by the Borrower as "Interest Reserve" for such Fiscal Quarter in the Compliance Certificate submitted during such Fiscal Quarter; PROVIDED, HOWEVER, that such dollar amount may not exceed the lesser of (i) the amount that the Borrower would be permitted to draw as an Advance under this Agreement or (ii) $10,000,000; PROVIDED FURTHER, however, that on the date of this Agreement, the Interest Reserve shall be equal to $1,000,000.

"INVESTMENT" means, with respect to any Person, (i) any direct or indirect purchase or other acquisition by that Person of stock or securities, or any beneficial interest in stock or other securities, of any other Person, any partnership interest (whether general or limited) in any other Person, or all or any substantial part of the business or assets of any other Person, or (ii) any direct or indirect loan, advance or capital contribution by that Person to any other Person, including all indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. The amount of any Investment shall be the original cost of such Investment, PLUS the cost of all additions thereto, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment.

"JOINT VENTURE" means a joint venture, partnership, limited liability company, business trust or similar arrangement, whether in corporate, partnership or other legal form; PROVIDED that, as to any such arrangement in corporate form, such corporation shall not, as to any Person of which such corporation is a Subsidiary, be considered to be a Joint Venture to which such Person is a party.

"LENDER" is defined in the Preamble, subject to Section 9.10.2. For purposes of the Sections referred to in (and subject to) Section 10.5.3., "LENDER" includes a holder of a Participation.

"LENDER PARTY" is defined in the Preamble. For purposes of the Sections referred to in (and subject to) Section 10.5.3., "LENDER PARTY" includes a holder of a Participation.

"LETTER OF CREDIT" means a standby letter of credit issued pursuant to this Agreement (including the Existing Letter of Credit) and a Letter of Credit Agreement, either as originally issued or as amended, supplemented, modified, renewed or extended.

"LETTER OF CREDIT AGREEMENT" means an Application and Agreement for Standby Letter of Credit in the form attached hereto as EXHIBIT G.

"LETTER OF CREDIT COLLATERAL" is defined in Section 8.4.2.

"LETTER OF CREDIT COLLATERAL ACCOUNT" is defined in Section 8.4.1.

"LETTER OF CREDIT FEE" is defined in Section 2.6.2.

"LETTER OF CREDIT LIABILITY" means, at any time, all contingent liabilities of the Borrower to the Agent Bank in respect of Letters of Credit outstanding at such time and shall equal the aggregate Stated Amount of all Letters of Credit then outstanding.

"LIBO BID MARGIN" means, in connection with any Fixed Rate Auction, a margin (expressed in multiples of 1/1000th of one percent) above or below the LIBO Rate offered for any Bid Advance to made pursuant hereto.

"LIBO LENDING OFFICE" means the office, branch or Affiliate of any Lender identified on SCHEDULE 1.1.B as its LIBO Lending Office or such other office, branch or Affiliate as such Lender may hereafter designate as its LIBO Lending Office by notice to the Borrower and the Agent.

"LIBO RATE" is the rate of interest, rounded upward (if necessary) to the nearest whole multiple of one-sixteenth of one percent (.0625%), quoted by the Agent Bank as the London Inter-Bank Offered Rate for deposits in U.S. Dollars at approximately 11:00 a.m. (London time),

(i) in the case of a Fixed Rate Advance that is a Committed Advance, on the second Business Day prior to (or, if the Agent Bank is then the sole Lender hereunder, on) a Fixed Rate Commencement Date or on a Price Adjustment Date, as appropriate, for purposes of calculating effective rates of interest for loans or obligations making reference thereto for an amount approximately equal to the Fixed Rate Portion and for a period of time approximately equal to a Fixed Rate Period or the time remaining in a Fixed Rate Period after a Price Adjustment Date, as appropriate; and

(ii) in the case of a Fixed Rate Bid Advance, on the second Business Day prior to the related Funding Date, for purposes of calculating effective rates of interest for loans or obligations making reference thereto for an amount approximately equal to such Fixed Rate Bid Advance and for a period of time approximately equal to the Fixed Rate Period applicable thereto.

"LIEN" means any lien, mortgage, pledge, security interest, charge, or encumbrance of any kind (including any conditional sale or other title retention agreement or any lease in the nature thereof) and any agreement to give or refrain from giving any lien, mortgage, pledge, security interest, charge, or other encumbrance of any kind.

"LOAN DOCUMENTS" means, collectively, this Agreement, the Notes, the Fee Letter, each Letter of Credit Agreement, each Letter of Credit, any Funds Transfer Agreement and any other agreement, instrument or other writing executed or delivered by the Borrower, the REIT or any Subsidiary in connection herewith from time to time, and all amendments, exhibits and schedules to any of the foregoing.

"M&F GROSS LEASEABLE AREA" means, with respect to any Real Property, the gross leaseable area of the mall and freestanding areas of such Real Property (excluding the gross leaseable area of such Real Property that is, at the time of determination, undergoing substantial capital improvements other than any such capital improvements made to a tenant space pursuant to or in anticipation of a new or renewed lease for such space).

"MANAGEMENT COMPANIES" means Macerich Property Management Company, a California corporation, and Macerich Management Company, a California corporation, and includes their respective successors.

"MANAGEMENT CONTRACT" means any contract between any Management Company, on the one hand, and the Borrower and/or any other Consolidated Entity or Unconsolidated Joint Venture, on the other hand, relating to the management of the Borrower, any other Consolidated Entity or any Unconsolidated Joint Venture or any of the properties of such Person, as the same may be amended from time to time.

"MACERICH GROUP MEMBER" means any of the Borrower Parties, the Principal Investors, the Management Companies, any Consolidated Entity (other than any of the foregoing), or any other Person involved in the day-to-day management of any Consolidated Entity or any Real Property held by it.

"MARGIN REGULATIONS" means Regulations G, T, U and X of the Federal Reserve Board, as amended from time to time.

"MARGIN STOCK" means "margin stock" as defined in Regulation U.

"MATERIAL," "MATERIAL ADVERSE EFFECT" or "MATERIAL ADVERSE CHANGE" means (i) a condition or event material to, (ii) a material adverse effect on or (iii) a material adverse change in, as the case may be, any one or more of the following: (A) the business, assets, results of operations, financial condition or prospects of the REIT and the Consolidated Entities taken as a whole or (B) the ability of any Borrower Party to perform its obligations under any Loan Document to which it is a party.

"MATURITY DATE" means February 26, 2000; PROVIDED, that if the Maturity Date shall have been extended pursuant to Section 2.7.2., "MATURITY DATE" means February 26, 2001.

"MEASURING PERIOD" means the period of three consecutive months, constituting one full Fiscal Quarter, ended most recently for which operating statements with respect to a Real Property have been delivered to the Lenders.

"MINORITY INTERESTS" means all of the Partnership Units of the Borrower held by any Person other than the REIT.

"MOODY'S" means Moody's Investors Service, Inc. or any successor.

"MORTGAGE LOANS" means all loans owned or held by the Borrower secured by mortgages or deeds of trust on Retail Properties.

"MULTIEMPLOYER PLAN" means a "multiemployer plan" as defined in Section 3(37) and Section 4001(a)(3) of ERISA to which the Borrower or any of its ERISA Affiliates is making or accruing an obligation to make contributions or to which any such Person has made or accrued an obligation to make contributions.

"NAREIT GUIDELINES" means the guidelines published from time to time by the National Association of Real Estate Investment Trusts as in effect on the date of this Agreement.

"NET INCOME" means, for any period, total net income (or loss) of the REIT and the Consolidated Entities for such period taken as a single accounting period, including the REIT's PRO RATA share of the income (or loss) of any Unconsolidated Joint Venture for such period, PROVIDED that there shall be excluded therefrom (i) any charges for minority interests in the Borrower held by Persons holding Partnership Units of the Borrower (other than the REIT), (ii) any income or loss attributable to extraordinary items, (iii) gains and losses from sales of assets (other than undeveloped land that constitutes a portion of any Retail Property), (iv) except to the extent otherwise included hereunder, the income (or loss) of any Person accrued prior to the date it becomes a Consolidated Entity or is merged with the REIT or any Consolidated Entity or such Person's assets are acquired by the REIT or any Consolidated Entity, and (v) any impairment loss required to be taken in such period in accordance with Statement of Financial Accounting Standards No. 121 (Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of) with respect to any long-lived assets to be disposed of and whose value is being reported during such period at the lower of its carrying amount or fair value. For purposes of this definition, the REIT's PRO RATA share of income (or loss) of any Unconsolidated Joint Venture shall be deemed equal to the product of (i) the income (or loss) of such Unconsolidated Joint Venture, MULTIPLIED BY (ii) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

"NET WORTH" means, at any date, the consolidated stockholders' equity of the REIT and the Consolidated Entities, excluding any amounts attributable to Disqualified Capital Stock.

"NEW LENDERS" is defined in the Recitals.

"NON-RECOURSE DEBT" means Debt that (i) is non-recourse to the Consolidated Entities (other than such Unconsolidated Joint Venture) and their assets and (ii) does not constitute Debt of the Consolidated Entities (other than such Unconsolidated Joint Venture).

"NON-RECOURSE SECURED DEBT" means Debt that (i) is non-recourse to the Consolidated Entities (other than such Unconsolidated Joint Venture) and their assets, (ii) does not constitute Debt of the Consolidated Entities (other than such Unconsolidated Joint Venture) and (iii) is recourse only to Retail Properties that secures such Debt.

"NOTE" means a Revolving Note or a Bid Advance Note.

"NOTICE OF BORROWING" is defined in Section 2.1.1.3.1.

"OBLIGATED PARTY" is defined in Section 9.10.2.

"OBLIGATIONS" means all present and future obligations and liabilities of the Borrower of every type and description arising under or in connection with this Agreement, the Notes and the other Loan Documents due or to become due to the Lender Parties or any Person entitled to indemnification, or any of their respective successors, transferees or assigns, whether for principal, interest, letter of credit or other reimbursement obligations, cash collateral cover, Fees, expenses, indemnities or other amounts (including attorneys' fees and expenses) and whether due or not due, direct or indirect, joint and/or several, absolute or contingent, voluntary or involuntary, liquidated or unliquidated, determined or undetermined, and whether now or hereafter existing, renewed or restructured, whether or not from time to time decreased or extinguished and later increased, created or incurred, whether or not arising after the commencement of a proceeding under the Bankruptcy Code (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding, and whether or not recovery of any such obligation or liability may be barred by a statute of limitations or such obligation or liability may otherwise be unenforceable.

"OBLIGOR" is defined in Section 3.2.

"OFFERING CIRCULAR" means, as the case may be, (i) with respect to the debentures described in clause (i) of the definition of "Permitted Subordinated Debentures," the Offering Circular, dated June 20, 1997, pursuant to which the Permitted Subordinated Debentures were offered by the REIT or (ii) with respect to any other Permitted Subordinated Debentures, the final offering document pursuant to which such Permitted Subordinated Debentures are offered by the REIT.

"OPERATIVES" is defined in Section 10.12.2.

"OTHER GUARANTOR" is defined in Section 3.2.

"OTHER GUARANTY" is defined in Section 3.2.

"PARTICIPATION" is defined in Section 10.5.3.

"PARTNERSHIP UNITS," "PREFERRED PARTNERSHIP UNITS" and "SERIES A PARTNERSHIP UNITS" are each defined in the Partnership Agreement of the Borrower. Unless the

context indicates otherwise, the term "PARTNERSHIP UNITS" is used herein to refer, collectively, to the Partnership Units, the Preferred Partnership Units and the Series A Partnership Units.

"PBGC" means the Pension Benefit Guaranty Corporation, as defined in Title IV of ERISA, or any successor.

"PERMITTED INVESTMENTS" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof, (ii) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within one year from the date of acquisition thereof and having, at the time of acquisition, the highest rating obtainable from either Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, or Moody's, (iii) commercial paper having, at the time of acquisition, the highest rating obtainable from either S&P or Moody's, (iv) certificates of deposit, other time deposits, and bankers' acceptances maturing within one year from the date of acquisition thereof issued by any bank operating under the laws of the United States or any state thereof or the District of Columbia that has combined capital and surplus of not less than $500,000,000, (v) institutional money market funds organized under the laws of the United States of America or any state thereof that invest solely in any of the Investments permitted under the foregoing clauses (i), (ii), (iii) and (iv) or (vi) Capital Stock that is (x) traded on a national securities exchange, (y) purchased in the secondary market and (z) not subject to any legal or contractual restrictions on transferability.

"PERMITTED SUBORDINATED DEBENTURES" means (i) the 7 1/4% Convertible Subordinated Debentures due 2002 of the REIT in the aggregate principal amount of $161,400,000, offered pursuant to the Offering Circular, which debentures have such terms and are subject to such conditions as are set forth in the Offering Circular and (ii) any other unsecured subordinated debentures issued by the REIT PROVIDED that, in the reasonable discretion of the Agent, the terms and conditions related to subordination of such unsecured subordinated debentures are substantially similar to the terms and conditions related to subordination of the debentures described in clause (i) of this definition.

"PERSON" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization or any other entity or organization, including a government or any agency or political subdivision thereof and, for the purpose of the definition of "ERISA Affiliate," a trade or business.

"PLAN" means any pension, retirement, disability, defined benefit, defined contribution, profit sharing, deferred compensation, employee stock ownership, employee stock purchase, health, life insurance, or other employee benefit plan or arrangement, irrespective of whether any of the foregoing is funded, in which any personnel of any Borrower Party or its ERISA Affiliates participates or from which any such personnel may derive a benefit.

"POST-DEFAULT RATE" means, at any time, a rate per annum equal to the Base Rate

in effect at such time PLUS 2%.

"PRICE ADJUSTMENT DATE", with respect to any Fixed Rate Advance, or Absolute Rate Bid Advance, is defined in Section 2.13.

"PRIME RATE" means a base rate of interest which the Agent Bank establishes from time to time and which serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto. Any change in an Effective Rate due to a change in the Prime Rate shall become effective on the day each such change is announced within the Agent Bank.

"PRINCIPAL INVESTORS" means, collectively, Mace Siegel, Arthur Coppola, Dana Anderson and Edward Coppola.

"PRO FORMA UNENCUMBERED ASSET VALUE" is defined in Section 4.3.1..

"PROHIBITED TRANSACTION" means a transaction that is prohibited under Section 4975 of the Code or Section 406 or 407 of ERISA and not exempt under Section 4975 of the Code or Section 408 of ERISA.

"PROPERTY EXPENSES" means, for any Retail Property, all operating expenses relating to such Retail Property, including the following items (PROVIDED, HOWEVER, that Property Expenses shall not include Debt service, tenant improvement costs, leasing commissions, capital improvements, Depreciation and Amortization Expenses and any extraordinary items not considered operating expenses under GAAP):

(i) all expenses for the operation of such Retail Property, including any management fees payable under the Management Contracts and all insurance expenses, but not including any expenses incurred in connection with a sale or other capital or interim capital transaction;

(ii) water charges, property taxes, sewer rents and other impositions, other than fines, penalties, interest or such impositions (or portions thereof) that are payable by reason of the failure to pay an imposition timely; and

(iii) the cost of routine maintenance, repairs and minor alterations, to the extent they can be expensed under GAAP.

"PROPERTY INCOME" means, for any Retail Property, all gross revenue from the ownership and/or operation of such Retail Property (but excluding income from a sale or other capital item transaction), service fees and charges and all tenant expense reimbursement income payable with respect to such Retail Property (but not such reimbursement for expenditures not deducted as a Property Expense).

"PROPERTY NOI" means, for any Retail Property for any period, (i) all Property

Income for such period, MINUS (ii) all Property Expenses for such period.

"RAW LAND" means (i) raw land or (ii) undeveloped land that constitutes a portion of any Retail Property, other than such portions of the Retail Properties as are reasonably considered to be an integral part of or a pad site for such properties.

"REAL PROPERTY" means each of those parcels (or portions thereof) of real property, improvements and fixtures thereon and appurtenances thereto now or hereafter owned or leased by the Borrower or any other Consolidated Entity.

"REGULATION D" means Regulation D of the Federal Reserve Board, as amended from time to time.

"REGULATION U" means Regulation U of the Federal Reserve Board, as amended from time to time.

"REGULATORY COSTS" are, collectively, future, supplemental, emergency or other changes in Reserve Percentages, assessment rates imposed by the FDIC, or similar requirements or costs imposed by any domestic or foreign governmental authority and related in any manner to a Fixed Rate.

"REGULATORY CHANGE" means, with respect to any Lender, (i) the adoption or becoming effective after the date hereof of any treaty, law, rule or regulation, (ii) any change in any such treaty, law, rule or regulation, or any change in the administration or enforcement thereof, by any Governmental Authority, central bank or other monetary authority charged with the interpretation or administration thereof, in each case after the date hereof, or (iii) compliance after the date hereof by the Lender (or its Applicable Lending Office or any holding company of the Lender) with, any interpretation, directive, request, order or decree (whether or not having the force of law) of any such Governmental Authority, central bank or other monetary authority.

"REIT" is defined in the Preamble.

"REQUIRED LENDERS" means, (i) if the Commitments have not terminated, Lenders holding at least 66-2/3% of the aggregate amount of the Commitments and, if the Agent Bank is not the sole Lender hereunder at such time, at least two Lenders, or (ii) if the Commitments have terminated, (a) Lenders holding at least 66-2/3% of the sum of (x) the aggregate unpaid principal amount of the Advances PLUS (y) the aggregate amount of all Letter of Credit Liability and (b) if the Agent Bank is not the sole Lender hereunder at such time, at least two Lenders, in each case giving effect to the provisions of Section 9.10.2.

"RESPONSIBLE OFFICER" is defined in Section 2.1.3.1.

"RESERVE PERCENTAGE" is, at any time the percentage announced within the Agent Bank as the reserve percentage under Regulation D for loans and obligations making reference to a LIBO Rate for a Fixed Rate Period or time remaining in a Fixed Rate Period on a Price

Adjustment Date, as appropriate. The Reserve Percentage shall be based on Regulation D or other regulations from time to time in effect concerning reserves for eurocurrency liabilities, as defined in Regulation D, from related institutions as though the Agent Bank were in a net borrowing position, as promulgated by the Federal Reserve Board.

"RESTRICTED CASH" means any cash or cash equivalents held by the Borrower or any of the other Consolidated Entities with respect to which the Borrower or the Consolidated Entity does not have unrestricted access and unrestricted right to expend such cash or expend or liquidate such Permitted Investments including, without limitation, cash or Permitted Investments constituting tenant deposits held pursuant to any lease for any Real Property.

"RESTRICTED PAYMENT" means (i) any dividend or other distribution, direct or indirect, on account of any Capital Stock of the Borrower, the REIT or any Subsidiary now or hereafter outstanding, except (a) a dividend or other distribution payable solely in shares of Capital Stock of the Borrower, the REIT or such Subsidiary, as the case may be, and (b) the issuance of equity interests upon the exercise of outstanding warrants, options or other rights, or (ii) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any Capital Stock of the Borrower, the REIT or any Subsidiary now or hereafter outstanding. It is understood that the conversion of any Capital Stock of the Borrower into Capital Stock of the REIT shall not constitute a Restricted Payment by the Borrower.

"RETAIL PROPERTY" means any Real Property that is a neighborhood, community or regional shopping center or mall.

"RETAIL PROPERTY UNDER CONSTRUCTION" means Retail Property for which Commencement of Construction has occurred but construction of such Retail Property is not substantially complete.

"REVOLVING NOTE" means a promissory note made by Borrower payable to the order of any Lender, in the amount of such Lender's Commitment, which note is substantially in the form of EXHIBIT A-1, as amended from time to time.

"SEC" means the United States Securities and Exchange Commission, and any successor.

"SENIOR OBLIGATIONS" is defined in Section 9.10.2.

"SENIOR OFFICER" means, with respect to any Borrower Party, the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors, the President, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, the General Counsel or any Vice President in charge of a principal business unit or division of such Borrower Party.

"SENIOR UNSECURED INTEREST EXPENSE COVERAGE RATIO" means, at any time, the

ratio of (i) Property NOI of all Unencumbered Assets for the fiscal quarter then most recently ended, to (ii) Interest Expense on all unsecured Debt for such period (other than Interest Expense attributable to the Permitted Subordinated Debentures).

"SINGLE EMPLOYER PLAN" means a Plan other than a Multiemployer Plan.

"STATED AMOUNT" means, with respect to a Letter of Credit, the maximum amount available to be drawn thereunder, without regard to whether any conditions to drawing could be met.

"SUBORDINATED DEBT" is defined in Section 6.9.

"SUBORDINATED CREDITOR" is defined in Section 6.9.

"SUBSIDIARY" means, with respect to any Person, any other Person of which more than 50% of the total voting power of the Capital Stock entitled to vote in the election of the board of directors (or other Persons performing similar functions) are at the time directly or indirectly owned by such first Person. Unless otherwise specified, the term "SUBSIDIARY" refers to any Subsidiary of a Borrower Party.

"S&P" means Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc., or any successor.

"TANGIBLE NET WORTH" means, at any time, (i) Net Worth MINUS (ii) Intangible Assets, PLUS (iii) solely for purposes of Section 7.3.1., any minority interest reflected in the balance sheet of the REIT, but only to the extent attributable to Minority Interests, in each case at such time.

"TAX EXPENSE" means (without duplication), for any period, total tax expense (if any) attributable to income and franchise taxes based on or measured by income, whether paid or accrued, of the REIT and the Consolidated Entities, including the REIT's and Consolidated Entity's PRO RATA share of tax expenses in the Unconsolidated Joint Venture. For purposes of this definition, the REIT's PRO RATA share of any such tax expense of any Unconsolidated Joint Venture shall be deemed equal to the product of (i) such tax expense of such Unconsolidated Joint Venture, MULTIPLIED BY (ii) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

"TAXES" means, collectively, all withholdings, interest equalization taxes, stamp taxes or other taxes (except income and franchise taxes) imposed by any domestic or foreign Governmental Authority and related in any manner to a Fixed Rate.

"THIRD PERSON" is defined in the definition of "Controlled Consolidated Entity" in this Section 1.1.

"TOTAL LIABILITIES" means, at any time, without duplication, the aggregate

amount of (i) all Debt and other liabilities of the Borrower and the Consolidated Entities reflected in the financial statements of the REIT or disclosed in the financial notes thereto, PLUS (ii) all liabilities of all Unconsolidated Joint Ventures that is otherwise recourse to the Borrower or any Consolidated Entity or any of its assets or that otherwise constitutes Debt of the Borrower or any Consolidated Entity, PLUS (iii) the Borrower's PRO RATA share of all Debt and other liabilities of any Unconsolidated Joint Venture not otherwise constituting Debt of or recourse to the Borrower or any Consolidated Entity or any of its assets. For purposes of clause (iii), the Borrower's PRO RATA share of all Debt and other liabilities of any Unconsolidated Joint Venture shall be deemed equal to the product of (a) such Debt or other liabilities, MULTIPLIED BY (b) the percentage of the total outstanding Capital Stock of such Person held by the Borrower or any Consolidated Entity, expressed as a decimal.

"TRANSFERRED PARTICIPATIONS" is defined in the Recitals.

"UNCONSOLIDATED JOINT VENTURE" means (i) any Joint Venture of the REIT or any Consolidated Entity in which the REIT or such Consolidated Entity holds any Capital Stock but which would not be combined with the REIT in the consolidated financial statements of the REIT in accordance with GAAP, and (ii) any Investment of the REIT or any Consolidated Entity in any Person that is not a Joint Venture.

"UNENCUMBERED ASSET" means, subject to Section 4.3., any Real Property that satisfies all of the following conditions:

(i) is a neighborhood, community and regional shopping center or mall;

(ii) is Wholly-Owned, free and clear of any Lien (other than (a) easements, covenants, and other restrictions, charges or encumbrances not securing Debt that do not interfere materially with the ordinary operations of the property and do not materially detract from the value of the property; (b) building restrictions, zoning laws and other Applicable Laws, and (c) leases and subleases of the property in the ordinary course of business, PROVIDED that any such Liens under (c) that are ground leases entered into after the Closing Date or that are ground leases with respect to Real Properties that become part of the Unencumbered Pool after the Closing Date shall have been approved by the Required Lenders in their discretion);

(iii) in the case of any Real Property title to which is not held directly by the Borrower, (a) the Consolidated Entity holding title to such Real Property is a Guarantor or becomes a Guarantor prior to the the Real Property being treated as an Unencumbered Asset for purposes of determining the Unencumbered Pool, (b) the Capital Stock of such Consolidated Entity is not subject to any Lien, and (c) the Consolidated Entity delivers to the Agent (1) an opinion of counsel, substantially in the form delivered to the Agent pursuant to Section 4.1 and by counsel reasonably acceptable to the Agent, with respect to the matters covered by the closing opinion delivered pursuant to Section 4.1 with respect to the Initial Guarantors, and (2) a copy of the charter documents of the Guarantor, as in effect at that time;

(iv) unless waived by the Agent, a title report from a title company of national

repute for such Real Property is delivered to the Agent showing that no material defects exist in or with respect to title to the Real Property (other than Liens permitted to exist pursuant to clause (ii));

(v) unless waived by the Required Lenders, a Phase I environmental study for such Real Property is delivered to the Agent showing that no material adverse environmental conditions exist on or with respect to the Real Property;

(vi) not less than 80% of the M&F Gross Leaseable Area of the Real Property shall be subject to a lease or a sublease pursuant to which rent is being paid by the tenant thereunder;

(vii) the Real Property has been otherwise expressly approved by the Required Lenders in writing as eligible for inclusion in the Unencumbered Pool in their discretion; and

(viii) the Real Property has been designated by the Borrower as an Unencumbered Asset.

Unless the Borrower shall have notified the Agent and the Lenders to the contrary, the Real Properties listed as "Unencumbered Assets" in the Compliance Certificate most recently delivered to the Agent pursuant to Section 6.1.3, shall be considered designated by the Borrower as Unencumbered Assets pursuant to clause (viii) above. As of the date hereof, all of the Real Properties that have been approved by the Required Lenders as eligible for inclusion in the Unencumbered Pool and designated by the Borrower as Unencumbered Assets pursuant to clauses (vii) and (viii) above, respectively, are set forth on SCHEDULE 1.1C. If any Unencumbered Asset (including any of the properties listed on SCHEDULE 1.1C) no longer satisfies the conditions of the foregoing clauses (ii), (iii) or (vi), at the direction of the Required Lenders, the Agent shall notify the Borrower that, effective upon the giving of such notice, such asset shall no longer be considered an Unencumbered Asset (irrespective of whether a Default or Event of Default exists at that time or results therefrom). If the Borrower intends to designate a property as an Unencumbered Asset to be added to the Unencumbered Pool from time to time (other than those listed on SCHEDULE 1.1C), it will notify the Agent and the Lenders of such intention, which notice will include (a) a physical description of the property to be added to the Unencumbered Pool, including its age and location and, if requested by the Agent, a recent title report, (b) if title to the property is held by a Consolidated Entity other than the Borrower, the names and respective percentage interests of all Persons holding Capital Stock of such Consolidated Entity, (c) information regarding the occupancy of the property (a rent roll), (d) operating statements for the most recent Fiscal Quarter and the most recent Fiscal Year (and the previous Fiscal Year, if available) and (e) an operating budget for the current Fiscal Year. The property shall become part of the Unencumbered Pool upon the written approval of the Required Lenders. If the Borrower at any time intends to withdraw any Real Property from the Unencumbered Pool, it shall (i) notify the Agent and the Lenders of its intention, and (ii) deliver to the Agent and the Lenders a certificate of its chief financial officer setting forth the calculations establishing that the Borrower will be in compliance with Section 7.4. with giving effect to such withdrawal (and any

concurrent addition of properties to the Unencumbered Pool), which calculations shall be substantially in the form of the calculations in EXHIBIT C-4 relating to Section 7.4. Effective automatically upon delivery of such notice and certificate by the Borrower, (i) such property shall no longer constitute an Unencumbered Asset and (ii) if title to the property that is being released from the Unencumbered Pool is not held directly by the Borrower and the Consolidated Entity holding title to such property holds title to no other Unencumbered Asset, such Consolidated Entity shall be released from the Guaranty, and shall cease to be a Guarantor hereunder, in each case without any further action by the Agent or any Lender.

"UNENCUMBERED ASSET VALUE" means, at any time:

(i) with respect to any specified Unencumbered Asset other than the Unencumbered Assets described in clauses (ii), (iii) or (v) below, for each such property, (a) the product of such property's Property NOI for the Measuring Period, MULTIPLIED BY 4, DIVIDED BY (b) 9.5% (expressed as a decimal); PLUS

(ii) with respect to any specified Unencumbered Asset that is a regional Retail Property other than a regional Retail Property described in clause (iii) or (v) below, for each such property, (a) the product of such property's Property NOI for the Measuring Period, MULTIPLIED BY 4, DIVIDED BY (b) 8.5% (expressed as a decimal); PLUS

(iii) so long as Huntington Beach Mall is an Unencumbered Asset and provided the Huntington Beach Mall is not described in clause (v) below, (a) the product of such property's Property NOI for the Measuring Period, MULTIPLIED BY 4, DIVIDED BY (b) 9.5% (expressed as a decimal); PLUS

(iv) all cash and Permitted Investments (other than, in either case, Restricted Cash) held by the Consolidated Entities at such time, MULTIPLIED BY in the case of cash and Permitted Investments not Wholly-Owned, a percentage (expressed as a decimal) equal to the percentage of the total outstanding Capital Stock held by the Borrower of the Consolidated Entity holding title to such cash and Permitted Investments; PLUS

(v)(a) 100% of Construction-in-Process with respect to Retail Properties in the Unencumbered Pool that are Wholly-Owned and are Unencumbered Assets and (b) the product of (1) 100% of Construction-in-Process with respect to Retail Properties in the Unencumbered Pool that are not Wholly-Owned MULTIPLIED BY (2) a percentage (expressed as a decimal) equal to the percentage of the total outstanding Capital Stock held by the Borrower of the Consolidated Entity holding title to such Retail Properties in the Unencumbered Pool; PROVIDED, HOWEVER, that the Unencumbered Asset Value included in this clause (v) shall not constitute more than 25% percent of the total Unencumbered Asset Value.

"UNENCUMBERED POOL" means the pool of Unencumbered Assets.

"UNSECURED FUNDED DEBT" means any Debt referred to in clause (i), (ii), (iii), (iv) or (ix) of the definition of "Debt" that is not secured by any Lien.

"WHOLLY-OWNED" means, with respect to any Real Property or other asset owned or leased, that (i) title to such asset is held directly by, or such asset is leased by, the Borrower, or (ii) in the case of Real Property, title to such property is held by, or such property is leased by, a Consolidated Entity at least 99% of the Capital Stock of which is held of record and beneficially by the Borrower and the balance of the Capital Stock of which (if any) is held of record and beneficially by the REIT (or any wholly-owned Subsidiary of the REIT).

"WHOLLY-OWNED ENTITY" is defined in Section 7.2.2.

"YEAR 2000 COMPLIANT" is defined in Section 6.11.

SECTION 1.2. RELATED MATTERS.

1.2.1. CONSTRUCTION. Unless the context of this Agreement clearly requires otherwise, references to the plural include the singular, the singular includes the plural, the part includes the whole, "including" is not limiting, and "or" has the inclusive meaning represented by the phrase "and/or." The words "hereof," "herein," "hereby," "hereunder" and similar terms in this Agreement refer to this Agreement as a whole (including the Preamble, the Recitals, the Schedules and the Exhibits) and not to any particular provision of this Agreement. Article, section, subsection, exhibit, schedule, recital and preamble references in this Agreement are to this Agreement unless otherwise specified. References in this Agreement to any agreement, other document or law "as amended" or "as amended from time to time," or to amendments of any document or law, shall include any amendments, supplements, replacements, renewals, waivers or other modifications. References in this Agreement to any law (or any part thereof) include any rules and regulations promulgated thereunder (or with respect to such part) by the relevant Governmental Authority, as amended from time to time.

1.2.2. DETERMINATIONS. Any determination or calculation contemplated by this Agreement that is made by any Lender Party shall be final and conclusive and binding upon each Borrower Party, and, in the case of determinations by the Agent, also the other Lender Parties, in the absence of manifest error. References in this Agreement to any "determination" by any Lender Party include good faith estimates by such Lender Party (in the case of quantitative determinations), and good faith beliefs by such Lender Party (in the case of qualitative determinations). All references herein to "discretion" of any Lender Party (or terms of similar import) shall mean "absolute and sole discretion." All consents and other actions of any Lender Party contemplated by this Agreement may be given, taken, withheld or not taken in such Lender Party's discretion (whether or not so expressed), except as otherwise expressly provided herein.

1.2.3. ACCOUNTING TERMS AND DETERMINATIONS. Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared on a consolidated basis in accordance with GAAP applied on a basis consistent (except for changes that the independent public accountants of the REIT deem necessary in order to allow them to render an unqualified opinion to the REIT and for changes that are not deemed so necessary but are concurred in by such independent public accountants and the Agent) with the

audited consolidated financial statements of the REIT and the Consolidated Entities referred to in Section 5.6.1. Notwithstanding anything herein to the contrary, for purposes of determining the REIT's PRO RATA share of any income, expense, asset, liability or other item of or with respect to any Unconsolidated Joint Venture, as used in the defined terms used in or by reference in Section 7.3., the percentage of the Capital Stock held by the REIT or any Consolidated Entity shall be the percentage required to be used under GAAP.

1.2.4. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS (OTHER THAN THE RULES REGARDING CONFLICTS OF LAWS, EXCEPT THOSE CONTAINED IN CALIFORNIA CIVIL CODE SECTION 1646.5) OF THE STATE OF CALIFORNIA.

1.2.5. HEADINGS. The Article and Section headings used in this Agreement are for convenience of reference only and shall not affect the construction hereof.

1.2.6. SEVERABILITY. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable under Applicable Law in any jurisdiction, such provision shall be ineffective only to the extent of such invalidity, illegality or unenforceability, which shall not affect any other provisions hereof or the validity, legality or enforceability of such provision in any other jurisdiction.

1.2.7. INDEPENDENCE OF COVENANTS. All covenants under this Agreement shall each be given independent effect so that if a particular action or condition is not permitted by any such covenant, the fact that it would be permitted by another covenant, by an exception thereto, or be otherwise within the limitations thereof, shall not avoid the occurrence of a Default or an Event of Default if such action is taken or condition exists.

1.2.8. OTHER DEFINITIONS. Terms otherwise defined in Preamble, the Recitals and in any other provision of this Agreement or any of the other Loan Documents not defined or referenced in Section 1.1. have their respective defined meanings when used herein or therein.

ARTICLE 2.

AMOUNT AND TERMS OF THE CREDIT FACILITIES

SECTION 2.1. CREDIT FACILITIES.

2.1.1. COMMITTED FACILITY.

2.1.1.1. COMMITTED ADVANCES.

Upon the terms and subject to the conditions set forth in this Agreement, (a) on the Closing Date, the Existing Credit Agreement is hereby superseded, amended and restated in its entirety, and (b) each Lender hereby severally agrees, at any time from and after the Closing Date until the Business Day next preceding the Maturity Date, to make advances

(each a "COMMITTED ADVANCE," which term shall also include amounts drawn under Letters of Credit pursuant to Section 2.2.5.1.) to the Borrower in an aggregate outstanding principal amount not to exceed at any time outstanding, when added to other Commitment Usage of such Lender at such time, the Commitment of such Lender, PROVIDED that the Commitment Usage of all Lenders at any time, in the aggregate, shall not exceed the aggregate Commitments of all Lenders. Committed Advances may be voluntarily prepaid and, subject to the provisions of this Agreement (including Section 2.13.), any amounts so prepaid may be re-borrowed, up to the amount available under this Section 2.1.1. at the time of such re-borrowing.

2.1.1.2. TYPE OF COMMITTED ADVANCES AND MINIMUM AMOUNTS. Committed Advances made under this Section 2.1. may be Base Rate Advances or Fixed Rate Advances, subject, however, to Section 2.4. Each Borrowing of Fixed Rate Advances to which the same Fixed Rate Period is applicable shall be in a minimum amount of $2,000,000 and integral multiples of $1,000,000.

2.1.1.3. NOTICE OF BORROWING.

2.1.1.3.1. When the Borrower desires to borrow pursuant to Section 2.1., it shall deliver to the Agent a Notice of Borrowing substantially in the form of EXHIBIT B-1, duly completed and executed by a Responsible Officer (a "NOTICE OF BORROWING"), no later than 10:00 a.m. (California time) (i) at least one Business Day before (or, if the Agent Bank is the sole Lender hereunder at such time, on) the proposed Funding Date, in the case of a Base Rate Advance, or (ii) at least three Business Days (or, if the Agent Bank is the sole Lender hereunder at such time, one Business Day) before the proposed Funding Date, in the case of a Fixed Rate Advance.

2.1.1.3.2. In lieu of delivering a Notice of Borrowing for a Base Rate Advance, the Borrower, through a Responsible Officer, may give the Agent telephonic notice by the required time of the proposed borrowing for Advances of that type and all information required by a Notice of Borrowing; PROVIDED, HOWEVER, that such notice shall be confirmed in writing by delivery of a Notice of Borrowing by fax to the Agent as soon as practicable one day prior to the proposed Funding Date. The Lender Parties shall incur no liability to the Borrower in acting upon any telephonic notice that the Agent believes to have been given by a Person authorized to act on behalf of the Borrower or for otherwise acting in good faith under this Section 2.1. and in making any Advance in accordance with this Agreement pursuant to any telephonic notice.

2.1.1.3.3. Notwithstanding anything herein to the contrary, no Notice of Borrowing shall be required at any time while the Agent Bank is the only Lender hereunder with respect to any Base Rate Advance while there shall be in effect, pursuant to subsequent mutual agreement between the Borrower and the Agent Bank, a program (such as a credit sweep) whereby Base Rate Advances are made automatically to maintain a target balance in an account the Borrower maintains with the Agent Bank (a "CREDIT SWEEP PROGRAM"). The Agent Bank shall incur no liability to the Borrower making Advances pursuant to any Credit Sweep Program.

2.1.1.3.4. The Agent shall promptly notify each Lender of the contents of any Notice of Borrowing (or telephonic notice in lieu thereof) received by it and such Lender's PRO RATA portion of the Borrowing of Committed Advances requested. Not later than 9:00 a.m. (California time) on the date specified in such notice as the Funding Date, each Lender, subject to the terms and conditions hereof, shall make its PRO RATA portion of the Borrowing of Committed Advances available, in immediately available funds, to the Agent at the Agent's Account.

2.1.1.4. FUNDING OF COMMITTED ADVANCES. Subject to and upon satisfaction of the applicable conditions set forth in Article 4. as determined by the Agent, the Agent shall make the proceeds of the requested Committed Advances available to the Borrower in Dollars in immediately available funds in the Borrower Account. In addition, if the Borrower Account is maintained with a financial institution other than the Agent, all borrowings hereunder shall be subject to the terms and conditions of the Funds Transfer Agreement.

2.1.2. BID FACILITY.

2.1.2.1. BID ADVANCES.

2.1.2.1.1. Each Lender severally agrees that, subject to the conditions that at the time of the Borrower's submission of the relevant Competitive Bid Request no Default or Event of Default has occurred and is continuing, the Borrower may, in accordance with this SECTION 2.1.2. and the other relevant provisions of the Loan Documents, from time to time request that the Lenders, at any time before the 32nd day prior to the Maturity Date, submit Competitive Bids to make Bid Advances to the Borrower; PROVIDED, HOWEVER, that (X) at no time shall the Commitment Usage of all Lenders at any time, in the aggregate, exceed the aggregate Commitments of all Lenders; (y) at no time shall the aggregate principal amount of all Bid Advances exceed the Bid Advance Limit; and (Z) at no time may the number of Fixed Rate Periods of then outstanding Fixed Rate Advances and Absolute Rate Bid Advances exceed eight, in each case giving effect to any Bid Advances then requested.

2.1.2.1.2. The Lenders may, but shall not be obligated to, submit Competitive Bids in response to any Competitive Bid Request, and the Borrower may, but shall not be obligated to, accept any such offers. Subject to Section 2.1.1.1., the obligation of a Lender to fund its PRO rata share of Committed Advances shall be unaffected by its making of any Bid Advances, notwithstanding that the sum of such Lender's Commitment Usage LESS the Lender's PRO RATA share of all Bid Advances outstanding (regardless of whether such Bid Advances were made by such Lender) PLUS the aggregate amount of such Lender's outstanding Bid Advances, may exceed such Lender's Commitment.

2.1.2.1.3. On the last day of each Fixed Rate Period applicable to any Bid Advances, the Borrower shall pay to the Agent, for the respective accounts of the Lenders making such Bid Advances, the full amount of the principal of such Bid Advances.

2.1.2.2. TYPE OF BID ADVANCES AND MINIMUM AMOUNTS. Bid Advances

made under this Section 2.1.2 may be Absolute Rate Bid Advances or Fixed Rate Bid Advances, subject, however, to Section 2.11. Each Borrowing of Fixed Rate Bid Advances to which the same Fixed Rate Period is applicable shall be in a minimum amount of $15,000,000 and integral multiples of $1,000,000.

2.1.2.3. BID ADVANCE BORROWINGS.

2.1.2.3.1. When the Borrower desires to effect one or more Borrowings consisting of one or more Bid Advances, BUT NOT more often than once in any period of 30 consecutive days, the Borrower shall notify the Agent by telephone (followed promptly by a facsimile of the related Competitive Bid Request) no later than 8:00 a.m. (California time), (x) in the case of a Fixed Rate Auction, five Business Days prior to the proposed Funding Date of the requested Borrowing, or (y) in the case of an Absolute Rate Auction, two Business Days prior to the proposed Funding Date of the requested Borrowing(s), TOGETHER WITH payment of any Fees payable to the Agent as provided in the Fee Letter, specifying (together with the other information required to be provided pursuant to the Competitive Bid Request):

(a) the Funding Date of such Borrowing(s), which shall be a Business Day;

(b) the aggregate amount of such Borrowing(s), which shall be in an amount (subject to the limitations set forth in other provisions of the Loan Documents) equal to $15,000,000 or an integral multiple of $1,000,000 in excess thereof;

(c) whether the requested Borrowing(s) is/are to be made as either (1) one or more Fixed Rate Bid Advances or (2) one or more Absolute Rate Bid Advances; and

(d) the duration of the requested Fixed Rate Period (subject to the limitation that Borrower may request no more than three Fixed Rate Periods in any single Competitive Bid Request).

Borrower's right to request Competitive Bids for Bid Advances, and each Lender's obligation to fund any Bid Advance pursuant to any Competitive Bid accepted by Borrower, and all Bid Advances made from time to time, shall be subject in all respects to the provisions of Sections 2.11, 2.12 and 2.13.

2.1.2.3.2. Upon receipt of a Competitive Bid Request, the Agent shall promptly send a copy thereof to each of the Lenders by facsimile, attaching thereto notice of the date and time (as specified in Section 2.1.2.3.3.) by which responses must be received in order to be considered by the Borrower. The Competitive Bid Request shall not constitute an offer by the Borrower, but merely an invitation to the Lenders to submit Competitive Bids with respect to the requested Borrowing(s).

2.1.2.3.3.

(a) Each Lender may, in its discretion, submit a Competitive Bid containing

an offer or offers to make Bid Advances in response to any Competitive Bid Request. Each Competitive Bid must comply with the provisions of this Section 2.1.2.3 and must be submitted to the Agent (or, in the case of a Competitive Bid being submitted by the Agent in its capacity as a Lender, to the Borrower), by facsimile, no later than 7:00 a.m. (or, in the case of a Competitive Bid by the Agent, in its capacity as Lender, 6:30 a.m.), California time, (1) in the case of a Fixed Rate Auction, three Business Days prior to the Funding Date of the proposed Borrowing(s), or (2) in the case of an Absolute Rate Auction, on the Funding Date. Each Competitive Bid so submitted (subject only to the provisions of Sections 2.1.2.1.1, 2.11, 2.12, 2.13 and 4.2 and to the satisfaction of all other conditions precedent to the requested Bid Advance(s)) shall be irrevocable, unless the Borrower otherwise agrees in writing.

(b) Each Competitive Bid shall identify and be signed on behalf of the submitting Lender, shall specify the date of the proposed Borrowing(s) specified in the Competitive Bid Request in the form attached hereto as EXHIBIT B-3 to which the submitting Lender is responding and shall specify:

(i) the principal amount of each Bid Advance for which a Competitive Bid is being made (which shall not be limited by the submitting Lender's Commitment, but which shall be in an amount, no greater than the amount of the requested Borrowing, equal to $5,000,000 or an integral multiple of $1,000,000 in excess thereof); and

(ii)(1) in the case of a Fixed Rate Auction, the LIBO Bid Margin offered by the submitting Lender, or (2) in the case of an Absolute Rate Auction, the Absolute Rate offered by the submitting Lender.

A Competitive Bid may include up to three separate offers by the submitting Lender with respect to each Fixed Rate Period specified in the Competitive Bid Request to which it responds. Any Competitive Bid that (X) does not include all the information required by this Section 2.1.2.3.3, (Y) contains language that qualifies or conditions the submitting Lender's offer to make the Bid Advance(s) described therein or to otherwise make such an offer revocable or proposes terms other than (or in addition to) the terms proposed in the relevant Competitive Bid Request OTHER THAN by setting an aggregate limit on the principal amount of Bid Advances for which offers being made by the submitting Lender maybe accepted, or (Z) is received by the Agent (or the Borrower, as applicable) after the time set forth in this Section 2.1.2.3.3 (unless amended to bring it into compliance with respect to any noncompliance described in clause (X) or (Y), in either case prior to the time set forth in this Section 2.1.2.3.3) shall be disregarded.

2.1.2.3.4. Promptly upon receipt, but not later than 8:00 a.m. (California time) on the date by which Competitive Bids are required to have been submitted with respect to a Competitive Bid Request, the Agent shall notify the Borrower of (i)(A) the terms of each Competitive Bid (other than one that is to be disregarded as described above) received in

response to the Competitive Bid Request, and (B) the identity of the Lender submitting such Competitive Bid, and (ii)(A) the aggregate principal amount of Bid Advances for which Competitive Bids have been received for each Fixed Rate Period requested in the Competitive Bid Request, and (B) the respective principal amounts and LIBO Bid Margins or Absolute Rates, as the case may be, so offered.

2.1.2.3.5. No later than 8:30 a.m. (California time) on the date by which Competitive Bids are required to have been submitted with respect to a Competitive Bid Request, the Borrower shall notify the Agent, by means of a notice reasonably acceptable to the Agent in form, of its acceptance or rejection of the offers notified to it as provided in Section 2.1.2.3.4. The Borrower shall have no obligation to accept any such offer, and may choose to reject all of them. If the Borrower has failed to timely notify the Agent of its acceptance or rejection of any one or more offers by the time specified in this Section 2.1.2.3.5., the Borrower shall be deemed to have rejected such offer(s). The Borrower may accept any Competitive Bid (other than one that is to be disregarded as provided above) in whole or in part, PROVIDED THAT:

(a) the aggregate principal amount of the Competitive Bids so accepted may not exceed the aggregate amount of the Borrowing(s) requested in the relevant Competitive Bid Request;

(b)(i) subject to the provisions set forth below with respect to multiple offers at the same LIBO Bid Margin or Absolute Rate, the principal amount of each accepted Competitive Bid must be in an amount equal to $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (ii) Competitive Bids must be accepted with respect to an aggregate principal amount of at least $15,000,000; and

(c) with respect to each Fixed Rate Period for which Competitive Bids were requested, the Borrower may accept offers solely on the basis of ascending LIBO Bid Margins or Absolute Rates, as the case may be (provided that the Borrower may, to the extent necessary to comply with the preceding subparagraph (b) accept only part of an offer at a particular LIBO Bid Margin or Absolute Rate and accept all or part of one or more offers at a higher Fixed Rate Bid Margin or Absolute Rate).

If the Borrower chooses to accept one or more offers, Borrower shall deliver a notice to the Agent by not later than 8:30 a.m. (California time), in such form as Agent may from time to time reasonably request), specifying the aggregate principal amount of offers with respect to each requested Fixed Rate Period that it chooses to accept. If two or more Lenders offer the same LIBO Bid Margin or Absolute Rate for an aggregate principal amount greater than the amount for which such offers were requested (or greater than the remaining portion of such offers that has not been allocated to offers at lower Fixed Rate Bid Margins or Absolute Rates) with respect to any requested Fixed Rate Period, the Borrower shall allocate the principal amount of the affected Bid Advances among such Lenders as nearly as possible (in such multiples, not less than $1,000,000, as the Borrower may deem appropriate) in proportion to the aggregate principal amounts to

which their respective offers related. The Borrower's allocation, in the absence of manifest error, shall be conclusive.

2.1.2.3.6. Promptly upon receipt of the notice from the Borrower pursuant to Section 2.1.2.3.5, the Agent shall promptly notify each Lender having submitted a Competitive Bid whether its offer has been accepted and, if its offer has been accepted, of the amount of the Bid Advance(s) to be made by it on the date of the relevant Borrowing(s). The date that is the second Business Day prior to the Funding Date of the Borrowing set forth in the applicable Competitive Bid Request shall be the "FIXED RATE COMMENCEMENT DATE" for the Fixed Rate Period.

2.1.2.3.7. Promptly (but no later than one Business Day) following each Borrowing of one or more Bid Advances, the Agent shall notify each Lender (whether or not such Lender submitted a Competitive Bid with respect to such Borrowing) of the ranges of Competitive Bids submitted and the highest and lowest Competitive Bids accepted for each Fixed Rate Period requested by the Borrower and of the aggregate amount of the Bid Advances made pursuant to such Borrowing.

2.1.2.3.8. Upon receipt of a Competitive Bid Request in proper form requesting Competitive Bids to make a Bid Advance that is a Fixed Rate Advance under Section 2.1.2.3.1 above, the Agent shall determine the Fixed Rate applicable to each of the Fixed Rate Periods specified in the Competitive Bid Request, and shall, two Business Days prior to the beginning of such Fixed Rate Period, send a Fixed Rate Notice specifying such rate (or rates, as the case may be) to the Borrower and the Lenders; PROVIDED, HOWEVER, that failure to give such notice to any Person shall not affect the validity of such rate.

2.1.2.3.9. Not later than 9:00 a.m. (California time) on the date specified in such notice as the Funding Date, each Lender that submitted a Competitive Bid that was accepted by the Borrower, subject to the terms and conditions hereof, shall make its Bid Advance available, in immediately available funds, to the Agent at the Agent's Account.

2.1.2.4. FUNDING OF BID ADVANCES. Subject to and upon satisfaction of the applicable conditions set forth in Article 4. as determined by the Agent, the Agent shall make the proceeds of the requested Bid Advances available to the Borrower in Dollars in immediately available funds in the Borrower Account. In addition, if the Borrower Account is maintained with a financial institution other than the Agent, all borrowings hereunder shall be subject to the terms and conditions of the Funds Transfer Agreement.

2.1.3. RESPONSIBLE OFFICERS WITH RESPECT TO ADVANCES.

2.1.3.1. The Borrower shall notify the Agent of the names of its officers and employees authorized to request and take other actions with respect to Advances on behalf of the Borrower (each a "RESPONSIBLE OFFICER") and shall provide the Agent with a specimen signature of each such officer or employee. The Agent shall be entitled to rely conclusively on a Responsible Officer's authority to request and take other actions (including any Notices of

Borrowing or telephonic notice in lieu thereof, notices pursuant to Section 2.4.2., acceptance of telephonic quotes of Fixed Rates given by the Lender pursuant to Section 2.4.2., issuance of Competitive Bid Requests or telephonic notice in lieu thereof and acceptance of Competitive Bids) with respect to Advances on behalf of the Borrower until the Agent receives written notice to the contrary. The Agent shall have no duty to verify the authenticity of the signature appearing on any Notice of Borrowing, Competitive Bid Request or any other certificate or notice delivered pursuant to this Agreement.

2.1.3.2. Any Notice of Borrowing (or telephone notice in lieu thereof) delivered pursuant to Section 2.1.1.3. and any notice delivered pursuant to Section 2.1.2.3.5. shall be irrevocable and the Borrower shall be bound to make a Borrowing in accordance therewith. Further, each Notice of Borrowing and each Competitive Bid Request shall set forth that the Agent's Loan Number is 3959ZL and the Agent's Accounting Unit Number is 2924.

SECTION 2.2. LETTERS OF CREDIT.

2.2.1. IN GENERAL. Upon the terms and subject to the conditions set forth in this Agreement, at any time from and after the Closing Date until the day that is thirty (30) days prior to the Maturity Date, the Agent Bank shall issue for the account of the Borrower one or more Letters of Credit, PROVIDED that (a) the aggregate Stated Amount of all outstanding Letters of Credit shall not exceed $15,000,000, (b) the Stated Amount of the proposed Letter of Credit, when added to other Commitment Usage of all Lenders at such time, in the aggregate, shall not exceed the aggregate Commitments of all Lenders, and (c) in no event shall Letters of Credit be issued for the benefit of any of the Lenders. Letters of Credit shall have expiry dates not later than 24 months from the date of issuance and in any event not later than 10 Business Days prior to the Maturity Date. No Letter of Credit shall contain an automatic renewal or extension clause. The provisions of this Section 2.2. and Section 4.2. shall apply to any supplement, amendment, extension, renewal or increase of a Letter of Credit as if it were a new Letter of Credit.

2.2.2. EXISTING LETTER OF CREDIT.

The Existing Letter of Credit shall be treated as having been issued pursuant to this Section 2.2.

2.2.3. ISSUANCES OF LETTERS OF CREDIT. When the Borrower desires the issuance of a Letter of Credit, the Borrower shall deliver to the Agent Bank at least five (5) Business Days before the Funding Date, a Letter of Credit Agreement and such other documents and materials as may be required by the Agent Bank, each in form and substance satisfactory to the Agent Bank. The Agent Bank shall, if it approves of the contents of the Letter of Credit Agreement and such other documents and materials, and subject to the terms and conditions of this Agreement, issue the Letter of Credit on or before 5:00 p.m. (California time) on or before the day that is five (5) Business Days following the receipt of all documents required under this Section 2.2.3. In the event of a conflict between the terms of any Letter of Credit Agreement and this Agreement, the terms of this Agreement shall govern. Upon issuance of a Letter of Credit, the Agent shall promptly notify each Lender thereof and of such Lender's PRO RATA share of such

Letter of Credit.

2.2.4. PARTICIPATIONS IN LETTERS OF CREDIT. Immediately upon any Person (other than the Agent Bank) becoming a Lender under this Agreement, such Lender shall be deemed to have irrevocably purchased from the Agent Bank a participation in the Existing Letter of Credit, any drawing thereunder in an amount equal to such Lender's PRO RATA share of the aggregate Stated Amount of the Existing Letter of Credit and such Lender's PRO RATA share of any unearned Letter of Credit Fees paid by the Borrower to the Agent Bank in respect of the Existing Letter of Credit. Immediately upon the issuance of a Letter of Credit (other than the Existing Letter of Credit), each Lender (other than the Agent Bank) shall be deemed to have irrevocably purchased from the Agent Bank a participation in such Letter of Credit and any drawing thereunder in an amount equal to such Lender's PRO RATA share of the Stated Amount of such Letter of Credit. An amount equal to the Letter of Credit Liability for each Letter of Credit shall be reserved under the Commitments and shall not be available for borrowing for any purpose other than reimbursement of amounts drawn under the Letters of Credit pursuant to the terms of this Section 2.2.

2.2.5. DRAWINGS, ETC. Notwithstanding any provisions to the contrary in any Letter of Credit Agreement:

2.2.5.1. In case of a drawing under any Letter of Credit, the amounts so drawn shall, from the date of payment thereof by the Agent Bank, be deemed to be an Advance by the Agent Bank, as a Lender, and, to the extent reimbursed pursuant to Section 2.2.5.2., Advances by the other Lenders, for all purposes hereunder.

2.2.5.2. Promptly after payment by the Agent Bank of any amount drawn under any Letter of Credit, the Agent shall notify each Lender of the amount of such drawing and of such Lender's respective participation therein. Each Lender shall make available to the Agent Bank an amount equal to its respective participation in immediately available funds, at the office of such Agent Bank specified in such notice, not later than the Business Day after the date on which the Agent gives such notice. Each Lender's obligations under this Section 2.2.5.2. (a) shall not be subject to any set-off, counterclaim or defense to payment that the Lender may have against any Borrower Party or against the Agent Bank and (b) shall be absolute, unconditional and irrevocable, and as a primary obligor, not as a surety, notwithstanding any circumstance or event whatsoever, including (i) the occurrence of an Event of Default or Default, (ii) the failure of any other Lender to fund its participation as required hereby, (iii) the financial condition of any Borrower Party or Lender Party or any set-off, counterclaim or defense to payment that the Borrower may have or (iv) the termination or cancellation of the Commitment of such Lender. If any Lender fails to make available to the Agent Bank the amount of such Lender's participation in the Letter of Credit as provided in this Section 2.2.5.2., (A) such amount shall bear interest at the Federal Funds Rate (or, commencing with the third day, the Base Rate) from the day on which the Agent's notice referred to above is given until paid and (B) upon demand by the Agent Bank, the Borrower shall make payment to the Agent Bank of such amount, together with interest accrued thereon.

SECTION 2.3. USE OF PROCEEDS. The proceeds of the Advances shall be used by the Borrower only for pre-development and development costs, acquisition costs, capital improvements, working capital, Investments, repayment of Debt, scheduled amortization payments of Debt and general corporate purposes, in each case to the extent otherwise permissible hereunder. No part of the proceeds of the Advances or Letters of Credit shall be used directly or indirectly (a) to purchase Capital Stock of any Lender Party or any of their respective Affiliates, or (b) for the purpose, whether immediate, incidental or ultimate, of purchasing or carrying any Margin Stock or maintaining or extending credit to others for such purpose or for any other purpose that otherwise violates the Margin Regulations.

SECTION 2.4. INTEREST; CONVERSION/CONTINUATION.

2.4.1. EFFECTIVE RATE.

2.4.1.1. The unpaid principal amount of all Advances (or portions thereof) shall bear interest at the Effective Rate. The "EFFECTIVE RATE" upon which interest shall be calculated for the Advances shall be one or more of the following:

2.4.1.1.1. Provided no Default or Event of Default then exists:

(i) for those portions of the principal balance of Committed Advances that are not part of any Fixed Rate Portions, the Effective Rate shall be the Base Rate;

(ii) for those portions of the principal balance of Committed Advances that are part of Fixed Rate Portions, the Effective Rate for the Fixed Rate Period thereof shall be the Fixed Rate selected by the Borrower and set in accordance with the provisions hereof;

(iii) for those Bid Advances that are Absolute Rate Bid Advances, the Effective Rate for the Fixed Rate Period thereof shall be the Absolute Rate quoted by the Lender making such Bid Advance pursuant to Section 2.1.2.3.3 and accepted by the Borrower pursuant to Section 2.1.2.3.5; and

(iv) for those Bid Advances that are Fixed Rate Bid Advances, the Effective Rate for the Fixed Rate Period thereof shall be the Fixed Rate quoted by the Lender making such Bid Advance pursuant to Section 2.1.2.3.3 and accepted by the Borrower pursuant to Section 2.1.2.3.5.

2.4.1.2. During such time as a Default or Event of Default exists (whether or not the Obligations have then become due and payable by acceleration) and from and after the Maturity Date, the interest rate applicable to the then outstanding principal balance of all Advances shall be the rate set forth in Section 2.4.1.1.1. or, at the option of the Lenders holding 66-2/3% of the outstanding Advances, the Post-Default Rate.

2.4.2. SELECTION OF FIXED RATE FOR COMMITTED Advances. Provided no Default or Event of Default then exists, the Borrower, at its option and upon satisfaction of the conditions set forth herein, may request a Fixed Rate as the Effective Rate for calculating interest on any Committed Advance being requested pursuant to Section 2.1. or the portion of the unpaid principal balance of outstanding Committed Advances, in each case for the period selected in accordance with and subject to the following procedures and conditions:

2.4.2.1. In the case of a request of a Fixed Rate with respect to outstanding Committed Advances, three Business Days (or, if the Agent Bank is the sole Lender hereunder at such time, one Business Day) before requesting a Fixed Rate, the Borrower shall give the Agent advance telephonic notice that it will request a rate quotation for a portion of the principal balance of the Advances and for a period of time that conforms to a Fixed Rate Portion and Fixed Rate Period and the other provisions hereof. The Agent will promptly notify the Lenders of such request. In the case of a new Advance, the Notice of Borrowing shall set forth the requested period of time, which shall conform to a Fixed Rate Portion and Fixed Rate Period and the other provisions hereof.

2.4.2.2. In the case of a request of a Fixed Rate with respect to outstanding Committed Advances, at approximately 9:00 a.m. (California time) on the Business Day next following such advance notice, the Borrower shall telephonically request the Agent to quote telephonically an Applicable LIBO Rate as a Fixed Rate for the Fixed Rate Portion and Fixed Rate Period selected by the Borrower. If upon the expiration of any Fixed Rate Period with respect to any Fixed Rate Portion, the Borrower fails to select, or the Agent is unable to provide, a Fixed Rate with respect to such Fixed Rate Portion or any part thereof, such Fixed Rate Portion or part shall automatically convert into a Base Rate Portion, and the Agent shall promptly notify the Lenders of such fact. The Borrower shall not be released from its obligation to pay interest at the Effective Rate and the Lender Parties shall incur no liability to the Borrower if the Borrower is unable to obtain, or the Agent is unable to provide, a telephonic quote on any Business Day.

2.4.2.3. In the case of a new Committed Advance that is a Fixed Rate Advance, at approximately 9:00 a.m. (California time) on the Business Day before the Funding Date (or, if the Agent Bank is the sole Lender hereunder at such time, on the Funding Date) requested in the Notice of Borrowing, the Borrower shall telephonically request the Agent to quote telephonically an Applicable LIBO Rate as a Fixed Rate for the Fixed Rate Portion and Fixed Rate Period selected by the Borrower in the related Notice of Borrowing. The Lender Parties shall incur no liability to the Borrower if the Borrower is unable to obtain, or the Agent is unable to provide, a telephonic quote on any Business Day. In any such case, the Borrower shall be deemed to have withdrawn its Notice of Borrowing without any further action being required by the Agent or the Borrower.

2.4.2.4. If the Borrower accepts the Agent's telephonic quote of the Fixed Rate requested with respect to any Committed Advance by approximately 9:05 a.m. (California time) on the day of the Agent's quote, such Fixed Rate shall be the Effective Rate for the Fixed

Rate Portion and Fixed Rate Period selected. The date that is two Business Days after the day on which (or, if the Agent Bank is then the sole Lender hereunder, the day on which) the quoted Fixed Rate is telephonically accepted by the Borrower shall be the "FIXED RATE COMMENCEMENT DATE" for that Fixed Rate Period.

2.4.2.5. The Agent is authorized to rely upon the telephonic request by any Responsible Officer and acceptance of the Agent's telephonic quote by any Person who purports to be a Responsible Officer. The Agent shall incur no liability to the Borrower in acting upon any telephonic notice or acceptance of any telephonic quote that the Agent believes to have been given or made by a Person authorized to act on behalf of the Borrower or for otherwise acting in good faith under this Section 2.4.2.

2.4.2.6. The Borrower's acceptance of a Fixed Rate shall be confirmed by a written Fixed Rate Notice, which the Agent shall promptly deliver to the Borrower and the Lenders not less than two days prior to the Fixed Rate Commencement Date. The Agent's failure to deliver the Fixed Rate Notice shall not release the Lenders from funding any Committed Advance requested pursuant to a Notice of Borrowing, or the Borrower from its obligation to pay interest at the Effective Rate pursuant to the terms hereof.

2.4.2.7. The Borrower shall not have the right to request a Committed Advance in the form of a Fixed Rate Advance or request or accept a quote of a Fixed Rate applicable to Fixed Rate Advances if more than five Fixed Rate Portions are then subject to a Fixed Rate or if more than eight different Fixed Rate Periods are then applicable to Fixed Rate Advances (including any Fixed Rate Bid Advances and Absolute Rate Bid Advances).

2.4.2.8. All Committed Advances made or deemed made pursuant to Section 2.2.5.1. shall initially be Base Rate Advances.

2.4.3. PAYMENT OF INTEREST. Interest accrued on the Base Rate Portion and each Fixed Rate Advance shall be due and payable in arrears (a) on the first Business Day of each month, commencing with the first month following the Closing Date and (b) on the Maturity Date.

2.4.4. COMPUTATIONS. Interest on the Advances and other amounts payable hereunder or the other Loan Documents shall be computed on the basis of a 360-day year and the actual number of days elapsed. Any change in the interest rate on any Advance or other amount resulting from a change in the rate applicable thereto (or any component thereof) pursuant to the terms hereof shall become effective as of the opening of business on the Business Day on which such change in the applicable rate (or component) shall become effective. Each determination of an interest rate by the Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower for all purposes, in the absence of manifest error.

2.4.5. MAXIMUM LAWFUL RATE OF INTEREST. The rate of interest payable on any Advances or other amount shall in no event exceed the maximum rate permissible under Applicable Law. If the rate of interest payable on any Advances or other amount is ever reduced

as a result of this Section and at any time thereafter the maximum rate permitted by Applicable Law shall exceed the rate of interest provided for in this Agreement, then the rate provided for in this Agreement shall be increased to the maximum rate provided by Applicable Law for such period as is required so that the total amount of interest received by the Lenders is that which would have been received by the Lenders but for the operation of the first sentence of this Section.

SECTION 2.5. NOTE, ETC.

2.5.1. ADVANCES EVIDENCED BY NOTE. The Committed Advances made by each Lender shall be evidenced by its own single Revolving Note. The Bid Advances made by each Lender shall be evidenced by its own single Bid Advance Note. Each Note shall be dated the Closing Date and stated to mature in accordance with the provisions of this Agreement applicable to the relevant Advances.

2.5.2. NOTATION OF AMOUNTS AND MATURITIES, ETC. Each Lender is hereby irrevocably authorized to record on the schedule attached to its Note (or a continuation thereof) the information contemplated by such schedule. The failure to record, or any error in recording, any such information shall not, however, affect the obligations of the Borrower hereunder or under any Note to repay the principal amount of the Advances evidenced thereby, together with all interest accrued thereon. All such notations shall constitute conclusive evidence of the accuracy of the information so recorded, in the absence of manifest error.

SECTION 2.6. FEES.

2.6.1. On the Closing Date and from time to time thereafter as specified in the Fee Letter, the Borrower shall pay to the Agent the Fees specified in the Fee Letter. All Fees shall be fully earned when payable hereunder and under the Fee Letter and shall be non-refundable.

2.6.2. The Borrower shall pay to the Agent, for the account of the Lenders, a standby letter of credit fee (the "LETTER OF CREDIT FEE") for each Letter of Credit issued (which Letter of Credit Fee shall be remitted to the Lenders net of the Agent's usual and customary operational charges related to the issuance, amendment or negotiation of any Letters of Credit) equal to one and one-half percent (1.50%) per annum ($500 minimum per annum) of the Stated Amount of each Letter of Credit from the date of issuance of such Letter of Credit until its expiry. The Letter of Credit Fee shall be payable in advance upon the issuance of any Letter of Credit.

2.6.3. On each of April 1, July 1, October 1 and January 1 prior to the Maturity Date and on the Maturity Date, the Borrower shall pay in arrears to the Agent for the PRO RATA benefit of the Lenders a fee (the "FACILITY FEE") equal to (i) 0.25% per annum of the Commitments of all Lenders if the ratio of Total Liabilities to Gross Asset Value (expressed as a percentage) at the end of the Fiscal Quarter with respect to which the Facility Fee is being determined is less than 60% and (ii) 0.30% per annum of the Commitments of all Lenders if

clause (i) does not apply (including if the Compliance Certificate showing that clause (i) is satisfied is not delivered when required hereby).

2.6.4. If the extension option is exercised by the Borrower in accordance with Section 2.7.2., then the Borrower shall pay to the Agent for the PRO RATA benefit of the Lenders, a fee (the "EXTENSION FEE") equal to 0.25% of the aggregate amount of the Commitments.

SECTION 2.7. TERMINATION, REDUCTION AND EXTENSION OF COMMITMENT.

2.7.1. Each Lender's Commitment shall terminate without further action on the part of such Lender on the Maturity Date unless the Maturity Date is extended pursuant to Section 2.7.2. In addition, the Commitment shall terminate in accordance with Section 8.2.

2.7.2. The Borrower may, by written notice to the Agent and the Lenders not less than 60 days and not more than 120 days before the Maturity Date initially in effect, request that the Maturity Date be extended to the date that is one year following the initial Maturity Date. If the Borrower shall so request such an extension, the Maturity Date shall be automatically extended to the date that is one year following the initial Maturity Date; PROVIDED that no such extension shall be effective unless (a) no Default or Event of Default shall exist either on the date of the notice requesting such extension or on the Maturity Date initially in effect , (b) each of the representations and warranties of the Borrower Parties set forth in the Loan Documents shall be true and complete on and as of each such date with the same force and effect as if made on and as of each such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date) and (c) the Borrower shall have paid the Extension Fee.

2.7.3. The Borrower shall have the right, at any time or from time to time after the Closing Date, to terminate in whole or permanently reduce in part, without premium or penalty, the unused Commitments to an amount not less than the Commitment Usage of all Lenders outstanding at such time, by giving the Agent not less than three Business Days' prior written notice of such termination or reduction and the amount of any partial reduction. Any such termination or partial reduction shall be effective on the date specified in the Borrower's notice, shall be in a minimum amount of $1,000,000 and an integral multiple thereof and shall be applied to the reduction, on a proportionate basis, of each of the Commitments, the maximum Stated Amount of all Letters of Credit as set forth in Section 2.2.1 and the Bid Advance Limit.

SECTION 2.8. REPAYMENTS AND PREPAYMENTS.

2.8.1. REPAYMENT. The unpaid principal amount of all Advances shall be paid in full on the Maturity Date.

2.8.2. MANDATORY PREPAYMENT FOR EXCESS ADVANCES. If at any time the outstanding principal amount of all Advances PLUS the Letter of Credit Liability exceeds the aggregate amount of the Commitments, the Borrower shall, on the Business Day on which the Borrower learns or is notified of the excess, make mandatory prepayments of first, the

Committed Advances and, second, any Bid Advances as may be necessary so that, after such repayment, such excess is eliminated.

2.8.3. REINSTATEMENT. To the extent any Lender Party receives payment of any amount under the Loan Documents, whether by way of payment by the Borrower, set-off or otherwise, which payment is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, other law or equitable cause, in whole or in part, then, to the extent of such payment received, the Obligations or part thereof intended to be satisfied thereby shall be revived and continue in full force and effect as if such payment had not been received by such Lender Party.

2.8.4. NO PREPAYMENT OF BID ADVANCES. The Borrower shall have no right to pay all or any portion of any Bid Advance prior to the last day of the Fixed Rate Period applicable thereto.

SECTION 2.9. MANNER OF PAYMENT.

Except as otherwise expressly provided, the Borrower shall make each payment hereunder or under the other Loan Documents to the Agent in Dollars and in immediately available funds, without any deduction whatsoever, including any deduction for any set-off, recoupment, counterclaim or Taxes, at the Agent's Office, for the account of the Applicable Lending Offices of the Lenders entitled to such payment, not later than 11:00 a.m. (California time) on the due date thereof. Any payments received after 11:00 a.m. (California time) on any Business Day shall be deemed received on the next succeeding Business Day. Whenever any payment to be made hereunder shall be due on a day that is not a Business Day, such payment shall instead be made on the next succeeding Business DAY. Not later than 5:00 p.m. (California time) on the day such payment is credited to the Advances outstanding hereunder, the Agent shall deliver to each Lender, for the account of the Lender's Applicable Lending Office, in Dollars and in immediately available funds, such Lender's share of the payment so made, determined pursuant to Section 2.10. Delivery shall be made in accordance with the written instructions satisfactory to the Agent from time to time given to the Agent by each Lender.

SECTION 2.10. PRO RATA TREATMENT. Except to the extent otherwise expressly provided herein,

2.10.1. Committed Advances shall be requested from, and all Letter of Credit Liability, the Interest Reserve and all Fees payable pursuant to Sections 2.6.2, 2.6.3 and 2.6.4 shall be allocated to, the Lenders, PRO RATA according to their respective Commitments.

2.10.2. Each reduction of the Commitments of the Lenders shall be applied to the respective Commitments of the Lenders PRO RATA according to their respective Commitments before such reduction.

2.10.3. Subject to Section 2.10.5, each payment or prepayment by the Borrower of principal of the Committed Advances shall be made for the account of the Lenders PRO RATA

according to the respective unpaid principal amount of the Committed Advances owed to the Lenders, and each payment by the Borrower of interest on the Committed Advances shall be made for the account of the Lenders PRO RATA according to the respective accrued but unpaid interest on the Committed Advances owed to such Lenders.

2.10.4. Subject to Section 2.10.5, each payment by the Borrower of principal of Bid Advances made as part of the same Borrowing shall be made for the account of the Lenders holding such Bid Advances PRO RATA according to the respective unpaid principal amount of such Bid Advances owed to such Lenders, and each payment by the Borrower of interest on Bid Advances shall be made for the account of the Lenders holding such Bid Advances PRO RATA according to the respective accrued but unpaid interest on the Bid Advances owed to such Lenders.

2.10.5. If, pursuant to Section 8.2.2, the Agent shall have declared the unpaid principal amount of all Advances together with any and all accrued interest thereon to be due and payable, all amounts received by the Agent or any of the Lenders (whether received by voluntary payment, by counterclaim or cross action or by the enforcement of any or all of the Obligations) which are applicable to the payment of the Obligations, equitable adjustment will be made so that, in effect, all such amounts will be shared among the Lenders ratably in accordance with their proportionate share of the amount to be so applied based on, in each case, the ratio of the aggregate principal amount of all outstanding Advances (whether Committed Advances or Bid Advances) owed to each Lender to the aggregate principal amount of all outstanding Advances.

SECTION 2.11. MANDATORY SUSPENSION AND CONVERSION OF FIXED RATE ADVANCES. If any of the transactions necessary for the calculation of interest at any Fixed Rate requested or selected by the Borrower should be or become prohibited or unavailable to any Lender, or, if in the Agent's good faith judgment, it is not possible or practical for the Agent to set a Fixed Rate for a Fixed Rate Portion, Fixed Rate Bid Advance or any Fixed Rate Period as requested or selected by the Borrower or to continue to have outstanding any Fixed Rate Portion or Fixed Rate Bid Advance, the Effective Rate for such Fixed Rate Portion or Fixed Rate Bid Advance shall remain at or automatically revert to the Base Rate, and (i) in the case of any Committed Advance, such Fixed Rate Advance then being requested by the Borrower shall be made as a Base Rate Advance, or (ii) in the case of any Fixed Rate Bid Advance, such Advance shall not be made, in each case without any action on the part of the Borrower or the Lender Parties.

SECTION 2.12. INCREASED REGULATORY COSTS.

2.12.1. TAXES, REGULATORY COSTS AND PERCENTAGES. Upon any Lender's demand, the Borrower shall pay to the Agent, in addition to all other amounts that may be, or become, due and payable under this Agreement or the other Loan Documents, any and all Taxes and Regulatory Costs, to the extent they are not internalized by calculation of a Fixed Rate. Further, at each Lender's option, the Fixed Rate shall be automatically adjusted by adjusting the Reserve Percentage, as determined by such Lender in its prudent banking judgment, from the date of imposition (or any subsequent date selected by such Lender) of any such Regulatory Costs. The

relevant Lender shall give the Borrower notice of any Taxes and Regulatory Costs as soon as practicable after their occurrence, but the Borrower shall be liable for any Taxes and Regulatory Costs regardless of whether or when notice is so given. In addition, if, on or after the date hereof, any Regulatory Change (a) shall subject any Lender Party (or its Applicable Lending Office) to any Taxes with respect to Letters of Credit or its obligations under or with respect thereto, or changes the basis of taxation of payments to any Lender Party of reimbursement obligations or related Fees or (b) shall impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance or similar requirement against, or any fees or charges in respect of, assets held by, deposits with or other liabilities for the account of, Letters of Credit or shall impose on any Lender Party (or its Applicable Lending Office) any other condition affecting any Letter of Credit or any obligation in respect of Letter of Credit participations, and the effect of the foregoing is (i) to increase the cost to such Lender Party (or its Applicable Lending Office) of making, issuing, renewing or maintaining any Letter of Credit or in respect of Letter of Credit participations or (ii) to reduce the amount of any sum received or receivable by such Lender Party (or its Applicable Lending Office) hereunder or under any other Loan Document with respect thereto, then the Borrower shall from time to time pay to such Lender Party, within 10 days after request by such Lender Party, such additional amounts as may be specified by such Lender Party as sufficient to compensate such Lender Party for such increased cost or reduction.

2.12.2. CAPITAL COSTS. If a Regulatory Change after the date hereof regarding capital adequacy (including the adoption or becoming effective of any treaty, law, rule, regulation or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards") has or would have the effect of reducing the rate of return on the capital of or maintained by any Lender Party or any company controlling such Lender Party as a consequence of such Lender Party's Advances, Letters of Credit, participations therein or obligations hereunder and other commitments of this type to a level below that which such Lender Party or such company could have achieved but for such Regulatory Change (taking into account such Lender Party's or company's policies with respect to capital adequacy), then, subject to Section 2.14., the Borrower shall from time to time pay to such Lender Party, within 10 days after request by such Lender Party, such additional amounts as may be specified by such Lender Party as sufficient to compensate such Lender Party or company for such reduction in return, to the extent such Lender Party or such company determines such reduction to be attributable to the existence, issuance or maintenance of such Advances, Letters of Credit, participations therein or obligations for the account of the Borrower.

SECTION 2.13. FIXED RATE PRICE ADJUSTMENT. The Borrower acknowledges that prepayment or acceleration of a Fixed Rate Advance or an Absolute Rate Bid Advance (including pursuant to Sections 2.8.2., 2.11., 2.12., 2.13. and 8.2.) during a Fixed Rate Period will result in the Lender Party holding such Fixed Rate Advance or Absolute Rate Bid Advance incurring additional costs, expenses and/or liabilities and that it is extremely difficult and impractical to ascertain the extent of such costs, expenses and/or liabilities. Therefore, on the date a Fixed Rate Portion is prepaid or the date all Obligations become due and payable, by

acceleration or otherwise (a "PRICE ADJUSTMENT DATE"), the Borrower will pay each Lender Party (in addition to all other sums then owing to such Lender Party) an amount (the "FIXED RATE PRICE ADJUSTMENT") equal to (a) (i) in the case of a Fixed Rate Advance, the then present value, calculated by using as a discount rate the LIBO Rate quoted on the Price Adjustment Date, of the amount of interest that would have accrued on the Fixed Rate Portion or Fixed Rate Bid Advances then outstanding to such Lender Party for the remainder of the Fixed Rate Period at the Fixed Rate, set on the related Fixed Rate Commencement Date or applicable to such Fixed Rate Bid Advance LESS (ii) the amount of interest that would accrue on the same Fixed Rate Portion or Fixed Rate Bid Advance for the same period if the Fixed Rate were set on the Price Adjustment Date as the Applicable LIBO Rate in effect on the Price Adjustment Date or (b) in the case of an Absolute Rate Bid Advance, the sum of such losses and expenses as the Lender that made such Absolute Rate Bid Advance may reasonably incur by reason of such prepayment, including, without limitation, any losses or expenses incurred in obtaining, liquidating or employing deposits from third parties, but excluding loss of margin for the period after such prepayment.

By initialing this provision where indicated below, the Borrower confirms that each Lender Party's agreement to make the Advances evidenced by this Agreement at the interest rates and on the other terms set forth herein and in the other Loan Documents constitutes adequate and valuable consideration, given individual weight by the Borrower, for this Agreement.

BORROWER'S INITIALS:
_____

SECTION 2.14. PURCHASE, SALE AND MATCHING OF FUNDS. The Borrower understands, agrees and acknowledges the following: (a) no Lender Party has any obligation to purchase, sell and/or match funds in connection with the use of a LIBO Rate as a basis for calculating a Fixed Rate or Fixed Rate Price Adjustment; (b) a LIBO Rate is used merely as a reference in determining a Fixed Rate and Fixed Rate Price Adjustment; and (c) the Borrower has accepted a LIBO Rate as a reasonable and fair basis for calculating a Fixed Rate and a Fixed Rate Price Adjustment. The Borrower further agrees to pay the Fixed Rate Price Adjustment, Taxes and Regulatory Costs, if any, whether or not any Lender Party elects to purchase, sell and/or match funds.

ARTICLE 3.

GUARANTY

SECTION 3.1. GUARANTY.

3.1.1. The Guarantors unconditionally jointly and severally guaranty and promise to pay to the order of the Agent, for the benefit of the Lender Parties, on demand, in lawful money of the United States of America, any and all Obligations from time to time owing to the Lender Parties (together with the related provisions of this Article 3, this "GUARANTY"). All Obligations shall be conclusively presumed to have been created in reliance on this Guaranty.

3.1.2. In addition, the Guarantors jointly and severally promise to pay to the Lender Parties, any and all costs and expenses, including attorneys' fees and expenses, that the Lender Parties may incur in connection with (a) the collection of all sums guarantied hereunder or (b) the exercise or enforcement of any of the rights, powers or remedies of the Lender Parties under this Guaranty or Applicable Law. All such amounts and all other amounts payable hereunder shall be payable on demand, together with interest at a rate equal to the lesser of (i) the Post Default Rate, or (ii) the maximum rate allowed by Applicable Law, from and including the due date to and excluding the date of payment.

3.1.3. All payments under this Guaranty shall be made free and clear of any and all deductions, withholdings and setoffs, including withholdings on account of Taxes.

SECTION 3.2. CONTINUING AND IRREVOCABLE GUARANTY. This Guaranty is a continuing guaranty of the Obligations and may not be revoked and shall not otherwise terminate unless and until the Obligations have been indefeasibly paid and performed in full. If, notwithstanding the foregoing, any Guarantor shall have any right under Applicable Law to terminate this Guaranty prior to indefeasible payment in full of the Obligations, no such termination shall be effective until noon the next Business Day after the Lender Parties shall receive written notice thereof, signed by such Guarantor. Any such termination shall not affect this Guaranty in relation to (a) any Obligation that was incurred or arose prior to the effective time of such notice, (b) any Obligation incurred or arising after such effective time where such Obligation is incurred or arises either pursuant to commitments existing at such effective time or incurred for the purpose of protecting or enforcing rights against the Borrower, any Guarantor or other guarantor of or other Person directly or indirectly liable on the Obligations or any portion thereof (an "OTHER GUARANTOR"; each of the Borrower, the Guarantors and the Other Guarantors is referred to herein as an "OBLIGOR") or any security ("COLLATERAL") given for the Obligations or any other guaranties of the Obligations or any portion thereof (an "OTHER GUARANTY") (c) any renewals, extensions, readvances, modifications or rearrangements of any of the foregoing or (d) the liability of any other Guarantor hereunder.

SECTION 3.3. NATURE OF GUARANTY. The liability of each Guarantor under this Guaranty is independent of and not in consideration of or contingent upon the liability of the Borrower or any other Obligor, and a separate action or actions may be brought and prosecuted against any Guarantor, whether or not any action is brought or prosecuted against the Borrower or any other Obligor or whether the Borrower or any other Obligor is joined in any such action or actions. This Guaranty shall be construed as a continuing, absolute and unconditional guaranty of payment (and not merely of collection) without regard to:

3.3.1. the legality, validity or enforceability of this Agreement (including this Guaranty), the Note or any other Loan Document, any of the Obligations, any Lien or Collateral or any Other Guaranty;

3.3.2. any defense (other than payment), set-off or counterclaim that may at any time be available to the Borrower or any other Obligor against, and any right of setoff at any time

held by, any Lender Party; or

3.3.3. any other circumstance whatsoever (with or without notice to or knowledge of each Guarantor or any other Obligor), whether or not similar to any of the foregoing, that constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower or any other Obligor, in bankruptcy or in any other instance.

Any payment by any Obligor or other circumstance that operates to toll any statute of limitations applicable to such Obligor shall also operate to toll the statute of limitations applicable to each Guarantor. When making any demand hereunder (including by commencement or continuance of any legal proceeding), any Lender Party may, but shall be under no obligation to, make a similar demand on all or any of the other Obligors, and any failure by any Lender Party to make any such demand shall not relieve any Guarantor of its obligations hereunder.

SECTION 3.4. AUTHORIZATION. Each Guarantor authorizes each Lender Party, without notice to or further assent by each Guarantor, and without affecting each Guarantor's liability hereunder (regardless of whether any subrogation or similar right that each Guarantor may have or any other right or remedy of each Guarantor is extinguished or impaired), from time to time to:

3.4.1. permit the Borrower to increase or create Obligations, or terminate, release, compromise, subordinate, extend, accelerate or otherwise change the amount or time, manner or place of payment of, or rescind any demand for payment or acceleration of, the Obligations or any part thereof, or otherwise amend the terms and conditions of this Agreement, any other Loan Document or any provision thereof;

3.4.2. take and hold any Collateral from the Borrower or any other Person for the Obligations, perfect or refrain from perfecting a Lien on such Collateral, and exchange, enforce, subordinate, release (whether intentionally or unintentionally), or take or fail to take any other action in respect of, any such Collateral or Lien or any part thereof;

3.4.3. exercise in such manner and order as it elects in its sole discretion, fail to exercise, waive, suspend, terminate or suffer expiration of, any of the remedies or rights of any Lender Party against the Borrower or any other Obligor in respect of any Obligations or any Collateral;

3.4.4. release, add or settle with any Obligor in respect of this Guaranty, any Other Guaranty of the Obligations;

3.4.5. accept partial payments on the Obligations and apply any and all payments or recoveries from any Obligor or Collateral to such of the Obligations as any Lender Party may elect in its sole discretion, whether or not such Obligations are secured or guaranteed;

3.4.6. refund at any time, at any Lender Party's sole discretion, any payments or

recoveries received by such Lender Party in respect of any Obligations or Collateral; and

3.4.7. otherwise deal with the Borrower, any other Obligor and any Collateral as any Lender Party may elect in its sole discretion.

SECTION 3.5. CERTAIN WAIVERS. Each Guarantor hereby waives:

3.5.1. the right to require any Lender Party to proceed against the Borrower or any other Obligor, to proceed against or exhaust any Collateral or to pursue any other remedy in such Lender Party's power whatsoever and the right to have the property of the Borrower or any other Obligor first applied to the discharge of the Obligations;

3.5.2. all rights and benefits under Section 2809 of the California Civil Code and any other Applicable Law purporting to reduce a guarantor's obligations in proportion to the obligation of the principal or providing that the obligation of a surety or guarantor must neither be larger nor in other respects more burdensome than that of the principal;

3.5.3. the benefit of any statute of limitations affecting the Obligations or Guarantor's liability hereunder and of Section 359.5 of the California Code of Civil Procedure;

3.5.4. any requirement of marshaling or any other principle of election of remedies and all rights and defenses arising out of an election of remedies by any Lender Party, even though that election of remedies, such as nonjudicial foreclosure with respect to the security for a guaranteed obligation, has destroyed such Guarantor's rights of subrogation, and reimbursement against the Borrower by the operation of Section 580d of the California Code of Civil Procedure or otherwise;

3.5.5. any right to assert against any Lender Party any defense (legal or equitable), set-off, counterclaim and other right that such Guarantor may now or any time hereafter have against the Borrower or any other Obligor;

3.5.6. presentment, demand for payment or performance (including diligence in making demands hereunder), notice of dishonor or nonperformance, protest, acceptance and notice of acceptance of this Guaranty, and all other notices of any kind;

3.5.7. all defenses that at any time may be available to such Guarantor by virtue of any valuation, stay, moratorium or other law now or hereafter in effect;

3.5.8. any rights, defenses and other benefits such Guarantor may have by reason of any failure of any Lender Party to comply with Applicable Law in connection with the disposition of Collateral;

3.5.9. any rights or defenses the Guarantor may have because the Obligations are secured by real property or an estate for years, including any rights or defenses that are based upon, directly or indirectly, the application of Section 580a, 580b, 580d, or 726 of the California

Code of Civil Procedure to the Obligations; and

3.5.10. without limiting the generality of the foregoing or any other provision hereof, EACH GUARANTOR HEREBY WAIVES ALL RIGHTS AND DEFENSES THAT ARE OR MAY BECOME AVAILABLE TO THE GUARANTOR BY REASON OF SECTIONS 2787 TO 2855, INCLUSIVE, AND SECTION 3433 OF THE CALIFORNIA CIVIL CODE.

SECTION 3.6. SUBROGATION; CERTAIN AGREEMENTS.

3.6.1. EACH GUARANTOR WAIVES ANY AND ALL RIGHTS OF SUBROGATION, INDEMNITY, CONTRIBUTION OR REIMBURSEMENT, AND ANY AND ALL BENEFITS OF AND RIGHTS TO ENFORCE ANY POWER, RIGHT OR REMEDY THAT ANY LENDER PARTY MAY NOW OR HEREAFTER HAVE IN RESPECT OF THE OBLIGATIONS AGAINST THE BORROWER OR ANY OTHER OBLIGOR, ANY AND ALL BENEFITS OF AND RIGHTS TO PARTICIPATE IN ANY COLLATERAL, WHETHER REAL OR PERSONAL PROPERTY, NOW OR HEREAFTER HELD BY ANY LENDER PARTY, AND ANY AND ALL OTHER RIGHTS AND CLAIMS (AS DEFINED IN THE BANKRUPTCY CODE) THE GUARANTOR MAY HAVE AGAINST THE BORROWER OR ANY OTHER OBLIGOR, UNDER APPLICABLE LAW OR OTHERWISE, AT LAW OR IN EQUITY, BY REASON OF ANY PAYMENT HEREUNDER, UNLESS AND UNTIL THE OBLIGATIONS SHALL HAVE BEEN PAID IN FULL. Without limitation, each Guarantor shall exercise no voting rights, shall file no claim, and shall not participate or appear in any bankruptcy or insolvency case involving the Borrower with respect to the Obligations unless and until all the Obligations shall have been paid in full. If, notwithstanding the foregoing, any amount shall be paid to any Guarantor on account of any such rights at any time, such amount shall be held in trust for the benefit of the Lender Parties and shall forthwith be paid to the Lender Parties to be credited and applied in accordance with the terms of this Agreement and the other Loan Documents upon the Obligations, whether matured, unmatured, absolute or contingent, in the discretion of the Agent.

3.6.2. Each Guarantor assumes the responsibility for being and keeping itself informed of the financial condition of the Borrower and each other Obligor and of all other circumstances bearing upon the risk of nonpayment of the Obligations that diligent inquiry would reveal, and agrees that the Lender Parties shall have no duty to advise any Guarantor of information regarding such condition or any such circumstances.

SECTION 3.7. BANKRUPTCY NO DISCHARGE.

3.7.1. Without limiting Section 3.3 this Guaranty shall not be discharged or otherwise affected by any bankruptcy, reorganization or similar proceeding commenced by or against the Borrower, any Guarantor or any other Obligor, including (i) any discharge of, or bar or stay against collecting, all or any part of the Obligations in or as a result of any such proceeding, whether or not assented to by any Lender Party, (ii) any disallowance of all or any

portion of any Lender Party's claim for repayment of the Obligations, (iii) any use of cash or other collateral in any such proceeding, (iv) any agreement or stipulation as to adequate protection in any such proceeding, (v) any failure by any Lender Party to file or enforce a claim against the Borrower, any Guarantor or any other Obligor or its estate in any bankruptcy or reorganization case, (vi) any amendment, modification, stay or cure of any Lender Party's rights that may occur in any such proceeding, (vii) any election by any Lender Party under Section 1111(b)(2) of the Bankruptcy Code, or (viii) any borrowing or grant of a Lien under Section 364 of the Bankruptcy Code. Each Guarantor understands and acknowledges that by virtue of this Guaranty, it has specifically assumed any and all risks of any such proceeding with respect to the Borrower and each other Obligor.

3.7.2. Notwithstanding anything herein to the contrary, any Event of Default under Section 8.1.7 and 8.1.8 of this Agreement shall render all Obligations under this Guaranty, automatically due and payable for purposes of this Guaranty, without demand on the part of any Lender Party.

3.7.3. Notwithstanding anything to the contrary herein contained, this Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment, or any part thereof, of any or all of the Obligations is rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be restored or returned by any Lender Party in connection with any bankruptcy, reorganization or similar proceeding involving the Borrower, any other Obligor or otherwise or if such Lender Party elects to return any such payment or proceeds or any part thereof in its sole discretion, all as though such payment had not been made or such proceeds not been received.

SECTION 3.8. MAXIMUM LIABILITY OF GUARANTOR. If the obligations of each of the Guarantors hereunder otherwise would be subject to avoidance under Section 548 of the Bankruptcy Code or any applicable state law relating to fraudulent conveyances or fraudulent transfers, taking into consideration such Guarantor's (i) rights of reimbursement and indemnity from the Borrower with respect to amounts paid by such Guarantor, (ii) rights of subrogation to the rights of the Lender Parties and (iii) rights of contribution from each other Obligor, then such obligations hereby are reduced to the largest amount that would make them not subject to such avoidance. Any Person asserting that such Guarantor's obligations are so avoidable shall have the burden (including the burden of production and of persuasion) of proving (a) that, without giving effect to this Section 3.8, such Guarantor's obligations hereunder would be avoidable and (b) the extent to which such obligations are reduced by operation of this Section 3.8.

SECTION 3.9. FINANCIAL BENEFIT. Each Guarantor hereby acknowledges and warrants it has derived or expects to derive a financial advantage from each Advance and each other relinquishment of legal rights, made or granted or to be made or granted by any Lender Party in connection with the Obligations. After giving effect to this Guaranty, and the transactions contemplated hereby, such Guarantor is not Insolvent or left with assets or capital that is unreasonably small in relation to its business or the Obligations. "INSOLVENT" means, with respect to each Guarantor, that (a) determined on the basis of a "fair valuation" or their "fair salable

value" (whichever is the applicable test under Section 548 and other relevant provisions of the Bankruptcy Code and the relevant state fraudulent conveyance or transfer laws) the sum of such Guarantor's assets is less than its debts, or (b) such Guarantor is generally not paying its debts as they become due. The meaning of the terms "FAIR VALUATION" and "FAIR SALABLE VALUE" and the calculation of assets and liabilities shall be determined and made in accordance with the relevant provisions of the Bankruptcy Code and applicable state fraudulent conveyance or transfer laws.

ARTICLE 4.

CONDITIONS PRECEDENT TO ADVANCES
AND LETTERS OF CREDIT

SECTION 4.1. CONDITIONS PRECEDENT TO CLOSING DATE. The obligations of the Lenders to make any Advances or of the Agent Bank to issue any Letters of Credit on any Funding Date shall be subject to the occurrence of the following conditions precedent:

4.1.1. CLOSING DATE. The Closing Date shall occur on or before _____, 1998.

4.1.2. CERTAIN DOCUMENTS. The Agent shall have received the documents listed on SCHEDULE 4.1.2., all of which shall be in form and substance satisfactory to the Agent.

4.1.3. FEES AND EXPENSES PAID. The Borrower shall have paid all of the Fees and expenses due and payable on or before the Closing Date, including the Fees specified in the Fee Letter and all legal fees and disbursements of the Agent's counsel (including, without limitation, allocated costs of in-house counsel) for which the Borrower shall have been billed on or prior to such date.

4.1.4. GENERAL. All other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered or executed or recorded in form and substance satisfactory to the Agent and the Agent shall have received all such counterpart originals or certified copies thereof as the Agent may request.

SECTION 4.2. CONDITIONS PRECEDENT TO ADVANCES AND LETTERS OF CREDIT. The obligation of the Lenders to make any Advances (except pursuant to Section 2.2.5.) or of the Agent Bank to issue any Letters of Credit on any Funding Date shall be subject to the following conditions precedent:

4.2.1. CLOSING DATE. The conditions precedent set forth in Section 4.1. shall have been satisfied or waived in writing by the Agent before the Notice of Borrowing (or telephonic notice in lieu thereof) is given or the Letter of Credit Agreement is delivered.

4.2.2. NOTICE OF BORROWING, LETTER OF CREDIT AGREEMENT, ETC. The Borrower shall have delivered, in accordance with the applicable provisions of this Agreement, (a) to the Agent, a Notice of Borrowing (or telephonic notice in lieu thereof), in the case of a Committed

Advance (except in the case of any borrowing of a Base Rate Advance pursuant to a Credit Sweep Program, if the Agent Bank is the sole Lender hereunder), (b) to the Agent, a Competitive Bid Request and notification of acceptance of a Competitive Bid submitted in response thereto, in the case of a Bid Advance or (c) to the Agent Bank, a Letter of Credit Agreement (and such other documents and instruments as the Agent Bank may require under Section 2.2.3.), in the case of a Letter of Credit.

4.2.3. REPRESENTATIONS AND WARRANTIES. All of the representations and warranties of the Borrower contained in the Loan Documents shall be true and correct in all material respects on and as of the Funding Date as though made on and as of that date (except to the extent that such representations and warranties expressly were made only as of a specific date).

4.2.4. LETTER OF CREDIT FEES. In the case of any issuance of a Letter of Credit, the Borrower shall have paid to the Agent Bank, for the account of the Lenders, the Letter of Credit Fees then due and payable in respect of such Letter of Credit.

4.2.5. NO DEFAULT. No Default or Event of Default shall exist or result from the making of the Advance or the issuance of the Letter of Credit.

4.2.6. NO MATERIAL ADVERSE CHANGE. No Material Adverse Change shall have occurred since the date of the financial statements referred to in Section 5.6.

4.2.7. ORDERS OF GOVERNMENTAL AUTHORITY, ETC. No order, judgment or decree of, or any request or directive (whether or not having the force of law) from, any Governmental Authority, or any other Applicable Law, shall purport by its terms to enjoin, restrain, prohibit or otherwise prevent the Agent Bank from issuing letters of credit generally or the Letter of Credit or shall impose upon the Agent Bank or any Lender with respect to that Letter of Credit (or any participation therein) any restriction, unreimbursed reserve requirement or unreimbursed cost or expense that was not applicable, in effect or known to the Agent Bank or such Lender on the Closing Date and that the Agent Bank or such Lender in good faith deems materially adverse to it.

Each borrowing of an Advance (including any Advance made pursuant to any Credit Sweep Program or upon any draw under a Letter of Credit) and Letter of Credit issuance shall constitute a representation and warranty by the Borrower as of the Funding Date that the conditions contained in Sections 4.2.5. through 4.2.7. have been satisfied.

SECTION 4.3. ADDITIONAL CONDITIONS PRECEDENT AND PROVISIONS APPLICABLE TO CERTAIN ACQUISITION ADVANCES.

4.3.1. CERTAIN CONDITIONS. The Borrower may request, and the Lenders shall be required to make Committed Advances pursuant to Section 2.1.1, for the purpose of acquiring (the "ACQUISITION") a Real Property (a) that, once acquired, qualifies as an Unencumbered Asset (including the previous approval by the Required Lenders pursuant to subsection (vii) of the

definition of "Unencumbered Asset"), and (b) without inclusion of which in the Unencumbered Pool, the Borrower would not be in compliance with Section 7.4 giving effect to such Advances, if, in addition to the other conditions set forth in this Agreement (including Section 4.2), all of the following conditions shall be satisfied as of the Funding Date:

4.3.1.1. The Borrower shall be in compliance with Section 7.4 giving effect to the Acquisition and the funding of the Committed Advances;

4.3.1.2. The Borrower shall have previously delivered to the Agent and the Lenders the information required to be delivered to them under the definition of "Unencumbered Asset" as to such Real Property, and such Real Property shall have been approved as eligible for inclusion in the Unencumbered Pool as contemplated by clause (ii) of such definition;

4.3.1.3. The Borrower shall have delivered to the Agent a separate Notice of Borrowing with respect to that portion of such Committed Advances that could not be made in compliance with Section 7.4 without giving effect to the inclusion of such Real Property in the Unencumbered Pool (such portion being the "ACQUISITION ADVANCES");

4.3.1.4. The Borrower shall have delivered to the Agent concurrently with its Notice of Borrowing referred to in Section 4.3.1.3 above, a certificate in the form attached hereto as Exhibit B-5, duly executed by a Senior Officer of the Borrower, describing the Real Property to be acquired, designating such Real Property as an Unencumbered Asset effective upon consummation of the Acquisition, and setting forth the Unencumbered Asset Value of such Real Property as if it were an Unencumbered Asset as of the date of such Notice of Borrowing (the "PRO FORMA UNENCUMBERED ASSET VALUE");

4.3.1.5. All statements set forth in the certificate referred to in 4.3.1.4 above shall be true and correct as of the date thereof and the Funding Date;

4.3.1.6. The Borrower shall have provided to the Agent and the Lenders such information as may be reasonably requested by the Agent and the Lenders in order to verify the terms, timing and method of payment specified in the contract between a Borrower Party, as purchaser of the Real Property to be acquired, and the seller of such property (the "ACQUISITION AGREEMENT"), or to determine compliance with this Section 4.3.; and

4.3.1.7. No Required Lender shall have notified the Borrower (and, if the notice is given by any Lender, also the other Lenders and the Agent) that it is not satisfied in its discretion that the requested Acquisition Advances are consistent with the terms of the Acquisition Agreement, that such Acquisition Agreement is BONA FIDE, and that the Real Property will qualify as an Unencumbered Asset upon the completion of the Acquisition of such property pursuant to the terms of the Acquisition Agreement.

Each borrowing of an Acquisition Advance shall constitute a representation and warranty by the Borrower as of the Funding Date that the conditions contained in this

Section 4.3.1 have been satisfied.

4.3.2. CERTAIN PROVISIONS APPLICABLE TO ACQUISITION ADVANCES.

4.3.2.1. The amount of the Pro Forma Unencumbered Asset Value reflected in the certificate referred to in Section 4.3.1.4 with respect to a Real Property, the Acquisition of which is financed through Acquisition Advances, shall, notwithstanding that such Real Property is not yet an Unencumbered Asset, be added to, and treated as part of, the Unencumbered Asset Value for a period commencing on the related Funding Date and ending no later than the earlier to occur of (i) seven calendar days thereafter, or (ii) the date on which the Acquisition is consummated (the "CUT-OFF DATE").

4.3.2.2. The Borrower agrees and covenants that the proceeds of all Acquisition Advances shall be used only to acquire the relevant Real Property and that, if the Acquisition of such Real Property is not consummated by, or such Real Property does not qualify as an Unencumbered Asset on the Cut-off Date, then the Borrower shall immediately prepay outstanding Advances under the Credit Agreement in an amount equal to the amount of such Acquisition Advances.

ARTICLE 5.

REPRESENTATIONS AND WARRANTIES

Each Borrower Party represents and warrants to the Lender Parties as follows:

SECTION 5.1. ORGANIZATION, AUTHORITY AND TAX STATUS OF THE BORROWER; ENFORCEABILITY, ETC.

5.1.1. ORGANIZATION AND AUTHORITY; TAX STATUS. The Borrower has been duly formed, is validly existing as a limited partnership in good standing under the laws of the State of Delaware, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification except where the absence of such qualification would not have a Material Adverse Effect. The Borrower has all requisite power and authority to own or hold under lease the property it purports to own (including the properties listed on SCHEDULE 1.1C that are designated as owned by the Borrower) or hold under lease, to carry on its business as now conducted and as proposed to be conducted, to execute and deliver the Loan Documents to which it is a party and to perform its obligations hereunder and thereunder. The Borrower is a partnership for purposes of federal income taxation and for purposes of the tax laws of any state or locality in which the Borrower is subject to taxation based on its income.

5.1.2. AUTHORIZATION; BINDING EFFECT. The Borrower has by all necessary action duly authorized (a) the execution and delivery of the Loan Documents to which the Borrower is a party and (b) the performance of its obligations thereunder. Each Loan Document to which the

Borrower is a party constitutes the legal, valid and binding obligation of the Borrower, enforceable against it in accordance with its respective terms, except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally.

5.1.3. PARTNERSHIP UNITS; GENERAL PARTNER. All of the Partnership Units of the Borrower are validly issued and non-assessable and owned of record in the percentage amounts and by the Persons set forth on SCHEDULE 5.1., as amended from time to time. The REIT owns (i) 26,004,747 Partnership Units of the Borrower, (ii) 5,185,542 Preferred Partnership Units of the Borrower and (iii) 3,627,131 Series A Partnership Units of the Borrower, free and clear of any Liens. Such Partnership Units were offered and sold in compliance with all Applicable Laws (including, without limitation, federal and state securities laws). There are no outstanding securities convertible into or exchangeable for Partnership Units of the Borrower, or options, warrants or rights to purchase any such Partnership Units, or, except as set forth on SCHEDULE 5.1, commitments of any kind for the issuance of additional Partnership Units or any such convertible or exchangeable securities or options, warrants or rights to purchase such Partnership Units. The REIT is the sole general partner of the Borrower.

SECTION 5.2. ORGANIZATION, AUTHORITY AND REIT STATUS OF THE REIT; ENFORCEABILITY, ETC.

5.2.1. ORGANIZATION AND AUTHORITY. The REIT is a corporation duly organized, validly existing and in good standing under the laws of Maryland, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification except where the absence of such qualification would not have a Material Adverse Effect. The REIT has all requisite power and authority to own or hold under lease the property it purports to own or hold under lease, to carry on its business as now conducted and as proposed to be conducted, to execute and deliver this Agreement and to perform its obligations hereunder.

5.2.2. AUTHORIZATION; BINDING EFFECT. The REIT has by all necessary action duly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of the REIT, enforceable against it in accordance with its respective terms, except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally.

5.2.3. REIT STATUS. The REIT is organized in conformity with the requirements for qualification as a real estate investment trust under the Code and its ownership and method of operation enables it to meet the requirements for taxation as a real estate investment trust under the Code.

SECTION 5.3. ORGANIZATION, AUTHORITY AND TAX STATUS OF GUARANTORS; ENFORCEABILITY, ETC.

5.3.1. ORGANIZATION AND AUTHORITY. Each of the Guarantors has been duly formed, is validly existing as a general partnership or a limited partnership, as the case may be, in good standing under the laws of the State of California, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification except where the absence of such qualification would not have a Material Adverse Effect. Each of the Guarantors has all requisite power and authority to own or hold under lease the property it purports to own (including the property listed on SCHEDULE 1.1C that is designated as owned by such Guarantor) or hold under lease, to carry on its business as now conducted and as proposed to be conducted, to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. Each of the Guarantors is a partnership for purposes of federal income taxation and for purposes of the tax laws of any state or locality in which such Guarantor is subject to taxation based on its income.

5.3.2. AUTHORIZATION; BINDING EFFECT. Each of the Guarantors has by all necessary action duly authorized the execution and delivery of this Agreement and the performance of its obligations hereunder. This Agreement constitutes the legal, valid and binding obligation of each Guarantor, enforceable against it in accordance with its respective terms, except as enforcement may be limited by equitable principles and by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to creditors' rights generally.

SECTION 5.4. CONSOLIDATED ENTITIES AND UNCONSOLIDATED JOINT VENTURES; MANAGEMENT COMPANIES.

5.4.1. OWNERSHIP. SCHEDULE 5.4. (as amended from time to time) contains complete and correct lists of the Consolidated Entities (other than the Borrower) and the Unconsolidated Joint Ventures, showing, in each case, the correct name thereof, the type of organization, the jurisdiction of its organization, and the percentage of Capital Stock outstanding and owned by the Borrower Parties and the Consolidated Entities, as the case may be. All of the outstanding shares of Capital Stock of each Consolidated Entity or Unconsolidated Joint Venture shown in SCHEDULE 5.4. as being owned by any Borrower Party or any Consolidated Entity have been validly issued and are owned by such Borrower Party or Consolidated Entity free and clear of any Lien (except as otherwise disclosed on SCHEDULE 5.4.).

5.4.2. ORGANIZATION AND OWNERSHIP. Each Consolidated Entity and Unconsolidated Joint Venture is a corporation, partnership or other legal entity duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification except where the absence of such qualification would not have a Material Adverse Effect. Each such Consolidated Entity and Unconsolidated Joint Venture has all requisite power and authority to own or hold under lease the property it purports to own or hold under lease, to carry on its

business as now conducted and as proposed to be conducted. Each such Consolidated Entity or Unconsolidated Joint Venture organized as a partnership is a partnership for purposes of federal income taxation and for purposes of the tax laws of any state or locality in which the Borrower is subject to taxation based on its income.

5.4.3. MANAGEMENT COMPANIES. Each of the Management Companies is a corporation duly organized, validly existing and in good standing under the laws of jurisdiction of incorporation, and is duly qualified to transact business and is in good standing in each jurisdiction in which the conduct of its business or its ownership or leasing of property requires such qualification. Each of the Management Companies has all requisite power and authority to own or hold under lease the property it purports to own or hold under lease, to carry on its business as now conducted and as proposed to be conducted. The Borrower is the sole owner of record of all of the issued and outstanding shares of preferred stock of each of the Management Companies. Each of the Management Contracts constitutes the legal, valid and binding obligations of the signatories that are party thereto, enforceable against each of them in accordance with its terms.

SECTION 5.5. NO CONFLICT, ETC.

5.5.1. NO CONFLICT. The execution, delivery and performance by each Borrower Party of each Loan Document to which it is party, and the consummation of the transactions contemplated thereby, do not and will not (a) violate any provision of the charter, bylaws or partnership agreement of any Borrower Party, as the case may be, (b) conflict with, result in a breach of, or constitute (or, with the giving of notice or lapse of time or both, would constitute) a default under, or require the approval or consent of any person pursuant to (except as disclosed in SCHEDULE 5.5., which consents have been obtained and are in full force and effect), any Contractual Obligation of any Borrower Party, or violate any provision of Applicable Law binding on any Borrower Party, or (c) result in the creation or imposition of any Lien upon any material asset of any Borrower Party.

5.5.2. GOVERNMENTAL APPROVALS. Except for filings and recordings which are described on SCHEDULE 5.5., which in each case have been made and are in full force and effect, no Governmental Approval is or will be required in connection with the execution, delivery and performance of any Borrower Party of this Agreement or any Loan Document to which it is party or the transactions contemplated hereby or thereby or to ensure the legality, validity or enforceability hereof or thereof. Each of the REIT, the Borrower and the other Consolidated Entities possesses all material Governmental Approvals, in full force and effect, free from burdensome restrictions, that are necessary for the ownership, maintenance and operation of its properties and conduct of its business as now conducted and proposed to be conducted, and is not in violation thereof.

SECTION 5.6. FINANCIAL INFORMATION.

5.6.1. The consolidated balance sheet of the REIT and the Consolidated Entities for the Fiscal Years ended December 31, 1995, December 31, 1996, and December 31, 1997, and

the consolidated statements of income, retained earnings and cash flow of the REIT and the Consolidated Entities for the Fiscal Year then ended, in each case certified by the Borrower's independent certified public accountants, copies of which have been delivered to the Agent, were prepared in accordance with GAAP consistently applied and fairly present the consolidated financial position of the REIT and the Consolidated Entities as at the respective dates thereof and the results of operations and cash flow of the REIT and the Consolidated Entities for the respective periods then ended. Neither the REIT nor any Consolidated Entity had on such dates any material Contingent Obligations, liabilities for Taxes or long-term leases, unusual forward or long-term commitments or unrealized losses from any unfavorable commitments which are not reflected in the foregoing statements or in the notes thereto and which are material to the business, assets, prospects, results of operation or financial condition of the REIT and the Consolidated Entities taken as a whole.

5.6.2. The unaudited consolidated balance sheet of the REIT as at March 31, 1998 and related statements of income, retained earnings and cash flow for the period then ended, approved by the Chief Financial Officer of the REIT, a copy of which has been delivered to the Agent, were prepared in accordance with GAAP consistently applied (except to the extent noted therein) and fairly present the consolidated financial position of the REIT and the Consolidated Entities as of such date and the results of operations and cash flow for the period covered thereby, subject to normal year-end audit adjustments. Neither the REIT nor any Consolidated Entity had on such date any material Contingent Obligations, liabilities for Taxes or long-term leases, unusual forward or long-term commitments or unrealized losses from any unfavorable commitments which are not reflected in the foregoing statements or in the notes thereto and which are Material.

SECTION 5.7. NO MATERIAL ADVERSE CHANGES. Since December 31, 1997, there has been no Material Adverse Change that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof.

SECTION 5.8. LITIGATION. Except as disclosed in SCHEDULE 5.8. hereto, there are no actions, suits or proceedings pending or, to the best knowledge of the Borrower Parties, threatened against or affecting the REIT or any Consolidated Entity or any of its or their respective properties before any Governmental Authority (a) in which there is a reasonable possibility of an adverse determination that could have a Material Adverse Effect, or (b) which draws into question the validity or the enforceability of this Agreement, any other Loan Document or any transaction contemplated hereby or thereby.

SECTION 5.9. AGREEMENTS; APPLICABLE LAW. Neither the REIT nor any Consolidated Entity is in violation of any Applicable Law, or in default under any Contractual Obligations to which it is a party or by which its properties are bound, except where such violation or default could not, individually or in the aggregate, have a Material Adverse Effect. Neither the REIT or any Consolidated Entity is a party to or bound by any unduly burdensome Contractual Obligation which could have a Material Adverse Effect that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof.

SECTION 5.10. GOVERNMENTAL REGULATION. Neither the REIT nor any Consolidated Entity is (a) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, or a company controlled by such a company, or (b) subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act or to any Federal or state, statute or regulation limiting its ability to incur Debt for money borrowed.

SECTION 5.11. MARGIN REGULATIONS. Neither the REIT nor any Consolidated Entity is engaged principally, or as one of its important activities, in the business of extending credit for the purposes of purchasing or carrying Margin Stock. The execution, delivery and performance of the Loan Documents by the Borrower Parties will not violate the Margin Regulations. The value of all Margin Stock held by the Borrower Parties and their Subsidiaries constitutes less than 25% of the value, as determined in accordance with the Margin Regulations, of all assets of the Borrower Parties and their Subsidiaries.

SECTION 5.12. EMPLOYEE BENEFIT PLANS.

5.12.1. Each Borrower Party and each of the ERISA Affiliates is in compliance in all Material respects with all Applicable Laws including any applicable provisions of ERISA and the Code and the regulations and published interpretations thereunder with respect to all Plans and Multiemployer Plans. There have been no Prohibited Transactions with respect to any Plan which could result in any Material liability of any Borrower Party or any of the ERISA Affiliates. Neither any Borrower Party nor any of the ERISA Affiliates has participated in or contributed to any Defined Benefit Plan at any time. Neither any Borrower Party nor any of the ERISA Affiliates has failed to make any Material payments required to be made under any agreement relating to a Multiemployer Plan or any law pertaining thereto. The Borrower Parties and the ERISA Affiliates have not had asserted and do not expect to have asserted against them any Material penalty, interest or excise tax under Sections 4971, 4972, 4975, 4976, 4977, 4979, 4980 or 4980B of the Code or Sections 502(c)(1) or 502(i) of ERISA. Each Plan covering employees of the Borrower Parties or any of the ERISA Affiliates is able to pay benefits thereunder when due. There are no Material claims pending or overtly threatened, involving any Plan, nor is there any reasonable basis to anticipate any claims involving any such Plans.

5.12.2. The investment in the Borrower Parties by benefit plan investors is not significant within the meaning of Department of Labor Regulation Section 2510.3-101(f).

SECTION 5.13. TITLE TO PROPERTY; LIENS.

5.13.1. Each of the REIT, the Controlled Consolidated Entities and, to the best knowledge of the Borrower Parties, the other Consolidated Entities or Unconsolidated Joint Ventures has good and marketable title to, or valid and subsisting leasehold interests in, all of its Real Property and other property reflected in its books and records as being owned by it. On and after the Closing Date, each Real Property from time to time designated by the Borrower as an Unencumbered Asset meets the conditions set forth in the definition of "Unencumbered Asset" (other than those set forth in clause (iv) thereof).

5.13.2. Neither the REIT, any Controlled Consolidated Entity nor, to the best knowledge of the Borrower Parties, any other Consolidated Entity or Unconsolidated Joint Venture is in default in the performance or observance of any of the covenants or conditions contained in any of its Contractual Obligations, except where such default or defaults, if any, would not have a Material Adverse Effect.

SECTION 5.14. LICENSES, TRADEMARKS, ETC. The REIT, the Controlled Consolidated Entities and, to the best knowledge of the Borrower Parties, the other Consolidated Entities or Unconsolidated Joint Ventures own or hold valid licenses in all necessary trademarks, copyrights, patents, patent rights and other similar rights which are Material to the conduct of their respective businesses as heretofore operated and as proposed to be conducted. Neither the REIT, any Controlled Consolidated Entity nor, to the best knowledge of the Borrower Parties, any other Consolidated Entity or Unconsolidated Joint Venture has been charged or, to the best knowledge of the Borrower Parties, threatened to be charged with any infringement of, nor has any of them infringed on, any unexpired trademark, patent, patent registration, copyright, copyright registration or other proprietary right of any Person except where the effect thereof individually or in the aggregate would not have a Material Adverse Effect.

SECTION 5.15. ENVIRONMENTAL CONDITION. Except as set forth on SCHEDULE 5.15. hereto:

5.15.1. To the best of each Borrower Party's knowledge, all Real Property owned or used by the REIT or any Consolidated Entity is free from contamination from any Hazardous Materials except contamination that would not have a Material Adverse Effect that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof. To the best of each Borrower Party's knowledge, no polychlorinated biphenyls (PCBs) (including any transformers, capacitors, ballasts, or other equipment which contains dielectric fluid containing PCBs) or asbestos is constructed within, stored, disposed of or location on such Real Property except for matters that would not have a Material Adverse Effect or that have not been disclosed in any report filed by the REIT with the SEC prior to date hereof. Neither the REIT nor any Consolidated Entity has caused or suffered, nor to the knowledge of any Borrower Party has any other owner or user of such Real Property caused or suffered any Environmental Damages that has had or which could have a Material Adverse Effect that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof.

5.15.2. Neither the REIT nor any Consolidated Entity nor, to the best knowledge of each Borrower Party, any prior owner or occupant of the Real Property owned or used by the REIT or any Consolidated Entity has received notice of any alleged violation of Environmental Requirements, or notice of any alleged liability for Environmental Damages in connection with the Real Property, which could reasonably be expected to have a Material Adverse Effect that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof. There exists no order, judgment or decree outstanding, nor any action, suit, proceeding, citation or investigation, pending or threatened, relating to any alleged liability arising out of the suspected presence of Hazardous Material, any alleged violation of Environmental Requirements or any alleged liability for Environmental Damages in connection with the Real Property or the business

or operations of the REIT and the Consolidated Entities that has had or which could have a Material Adverse Effect that has not been disclosed in any report filed by the REIT with the SEC prior to date hereof nor, to the best of each Borrower Party's knowledge, does there exist any basis for such action, suit, proceeding, citation or investigation being instituted or filed.

SECTION 5.16. ABSENCE OF CERTAIN RESTRICTIONS. Neither any Controlled Consolidated Entity nor, to the best knowledge of the Borrower Parties, any other Consolidated Entity or Unconsolidated Joint Venture is subject to any Contractual Obligation which restricts or limits its ability to (a) pay dividends or make any distributions on its Capital Stock, (b) incur or pay Debt owed the REIT or any other Consolidated Entity, (c) make any loans or advances to the Borrower or (d) transfer any of its property to the Borrower; PROVIDED that the foregoing restrictions in subclauses (b), (c) and (d) shall not apply to any Bankruptcy Remote Entity to the extent such restrictions are required by any rating agency as a condition to the rating of the Debt of such Bankruptcy Remote Entity.

SECTION 5.17. DISCLOSURE. The information in any document, certificate or written statement furnished to the Lender by or on behalf of the REIT, the Borrower or any other Consolidated Entity with respect to the business, assets, prospects, results of operation or financial condition of the REIT, the Borrower, or any other Consolidated Entity or any Unconsolidated Joint Venture, including operating statements and rent rolls, for use in connection with the transactions contemplated by this Agreement has been true and correct or, in the case of any information relating to any Consolidated Entity that is not a Controlled Consolidated Entity or to any Unconsolidated Joint Venture, true and correct to the best knowledge of the Borrower Parties. There is no fact known to the Borrower Parties (other than matters of a general economic nature) that has a Material Adverse Effect or could reasonably be expected to have a Material Adverse Effect, which has not been disclosed herein or in such other documents, certificates, and statements.

ARTICLE 6.

AFFIRMATIVE COVENANTS OF THE BORROWER PARTIES

So long as any portion of the Commitments shall be in effect and until all Obligations are paid in full:

SECTION 6.1. FINANCIAL STATEMENTS AND OTHER REPORTS. The Borrower Parties will deliver to the Agent, with sufficient copies for the Lender Parties:

6.1.1. within 90 days after the end of each Fiscal Year, the consolidated balance sheet of the REIT and the Consolidated Entities as of the end of such Fiscal Year and the related consolidated statements of income, stockholders' equity and cash flow of the REIT and the Consolidated Entities for such Fiscal Year, setting forth in each case in comparative form the consolidated or combined figures, as the case may be, for the previous Fiscal Year, all in reasonable detail and accompanied by a report thereon of Coopers & Lybrand or other independent certified public accountants of recognized national standing selected by the

Borrower and reasonably satisfactory to the Agent, which report shall be unqualified (except for qualifications that the Required Lenders do not consider Material in their discretion) and shall state that such consolidated financial statements fairly present the financial position of the REIT and the Consolidated Entities as at the date indicated and the results of their operations and cash flow for the periods indicated in conformity with GAAP (except as otherwise stated therein) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

6.1.2. within 45 days after the end of each Fiscal Quarter, a consolidated balance sheet of the Borrower and the Consolidated Entities as at the end of such quarter and the related combined statements of income and cash flow of the REIT and the Consolidated Entities for such quarter and the portion of the Fiscal Year ended at the end of such quarter, setting forth in each case in comparative form the consolidated or combined figures, as the case may be, for the corresponding periods of the prior Fiscal Year, all in reasonable detail and in conformity with GAAP (except as otherwise stated therein), together with a representation by the REIT's chief financial officer, as of the date of such financial statements, that such financial statements have been prepared in accordance with GAAP (PROVIDED, HOWEVER, that such financial statements may not include all of the information and footnotes required by GAAP for complete financial information) and reflect all adjustments that are, in the opinion of management, necessary for a fair presentation of the financial information contained therein;

6.1.3. together with each delivery of financial statements pursuant to clauses (a) and (b) above, a Compliance Certificate duly completed and setting forth the calculations required to establish whether the Borrower Parties were in compliance with Sections 7.2.2., 7.3., 7.4. and 7.5 on the date of such financial statements;

6.1.4. promptly after any Borrower Party becomes aware of the occurrence of any Default or Event of Default, a certificate of a Senior Officer of the Borrower Party setting forth the details thereof and the action which the Borrower Party is taking or proposes to take with respect thereto;

6.1.5. not later than five (5) days after their being filed with the SEC, copies of all financial statements, reports, notices and proxy statements sent or made available by the REIT to its security holders, all registration statements (other than the exhibits thereto) and annual, quarterly or monthly reports, if any, filed by the REIT with the SEC (other than reports under Section 16 of the Securities Exchange Act of 1934, as amended) and all press releases by the REIT or any Consolidated Entity concerning material developments in the business of the REIT or any Consolidated Entity;

6.1.6. if requested by Agent, not later than ten (10) days after such request, Tax returns, reports, declarations, statements, information statements or any other document filed by the REIT with respect to the income Taxes of the REIT or the qualification of the REIT as a real estate investment trust under the Code;

6.1.7. promptly after any Borrower Party obtains knowledge thereof, notice of all

litigation or proceedings commenced or threatened affecting the REIT or any Consolidated Entity in which there is a reasonable possibility of an adverse decision and (a) which involves alleged liability in excess of $2,500,000 (in the aggregate) which is not covered by insurance, (b) in which injunctive or similar relief is sought which if obtained could have a Material Adverse Effect or (c) which questions the validity or enforceability of any Loan Document;

6.1.8. within 120 days after the end of each Fiscal Year, a forecast for the next succeeding two Fiscal Years of the consolidated results of operations and cash flows of the REIT, together with (a) an outline of the major assumptions upon which the forecast is based and (b) information regarding the capital expenditures forecast for such period (including leasing commissions, tenant improvements, renovations and other capital expenditures, all broken down by appropriate categories), other than capital expenditures attributable to acquisitions of Real Properties (or to the Real Properties so acquired) that may occur (but have not yet occurred) during the period covered by the forecast;

6.1.9. for each Unencumbered Asset held in the Unencumbered Pool:

6.1.9.1. within 90 days after the end of each Fiscal Year, a property budget with respect to such Unencumbered Asset for the next Fiscal Year; and

6.1.9.2. within 45 days after the end of each Fiscal Quarter, operating statements, rent rolls and lease status reports with respect to such Unencumbered Asset;

6.1.10. for each Retail Property that constitutes Construction-in-Process the value of which is estimated to be $20,000,000 or greater:

6.1.10.1. within 45 days after the Commencement of Construction, a property budget with respect to such Retail Property; and

6.1.10.2. within 45 days after the Commencement of Construction, a pro forma operating statement respect to such Retail Property;

6.1.11. promptly after the receipt thereof, a copy of any notice, summons, citation or written communication concerning any actual, alleged, suspected or threatened Material violation of Environmental Requirements, or Material liability of any Borrower Party or any Consolidated Entity for Environmental Damages in connection with its Real Property or past or present activities of any Person thereon; and

6.1.12. from time to time such additional information regarding the financial position or business of the REIT and the Consolidated Entities or regarding any of the Real Properties as the Agent may reasonably request on behalf of any Lender.

SECTION 6.2. RECORDS AND INSPECTION. Each Borrower Party shall, and shall cause each Consolidated Entity to, maintain adequate books, records and accounts as may be required or necessary to permit the preparation of consolidated financial statements in accordance with

sound business practices and GAAP. Each Borrower Party shall, and shall cause each Consolidated Entity to, permit such persons as any Lender may designate, at reasonable times and as often as may be reasonably requested, to (a) visit and inspect any properties of the Borrower Parties and the Consolidated Entities, (b) inspect and copy their books and records, and (c) discuss with their officers and employees and their independent accountants, their respective businesses, assets, liabilities, prospects, results of operation and financial condition.

SECTION 6.3. CORPORATE EXISTENCE, ETC. Each Borrower Party shall, and shall cause each Consolidated Entity to, at all times preserve and keep in full force and effect its partnership, corporate or other legal existence, as the case may be, and any licenses, permits, rights and franchises material to its business, PROVIDED, HOWEVER, that the partnership, corporate or other legal existence of any Consolidated Entity (other than the Borrower) may be terminated if, in the good faith judgment of the REIT, such termination is in the best interest of the Borrower and is not disadvantageous in any material respect to any Lender Party.

SECTION 6.4. PAYMENT OF TAXES AND CHARGES. The Borrower Parties shall, and shall cause each Consolidated Entity to, file all tax returns required to be filed in any jurisdiction and, if applicable, pay and discharge all Taxes imposed upon it or any of its properties or in respect of any of its franchises, business, income or property before any material penalty shall be incurred with respect to such Taxes, PROVIDED, HOWEVER, that, unless and until foreclosure, distraint, levy, sale or similar proceedings shall have commenced, the Borrower Parties and the Consolidated Entities need not pay or discharge any such Tax so long as the validity or amount thereof is contested in good faith and by appropriate proceedings and so long as any reserves or other appropriate provisions as may be required by GAAP shall have been made therefor.

SECTION 6.5. MAINTENANCE OF PROPERTIES. Each Borrower Party shall, and shall cause each Consolidated Entity to, maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear excepted), all Real Properties and all other Material properties useful or necessary to its business, and from time to time the Borrower Parties will make or cause to be made all appropriate repairs, renewals and replacements thereto.

SECTION 6.6. MAINTENANCE OF INSURANCE. Each Borrower Party shall, and shall cause each Consolidated Entity to, maintain with financially sound and reputable insurance companies, insurance in at least such amounts, of such character and against at least such risks as are usually insured against in the same general area by companies of established repute engaged in the same or a similar business.

SECTION 6.7. CONDUCT OF BUSINESS. No Borrower Party or Consolidated Entity shall engage in any business other than the business of owning and operating Retail Properties or the assets and other properties set forth in Section 7.2.2. or any businesses incident thereto. Each Borrower Party shall, and shall cause each Consolidated Entity to, conduct its business in compliance in all material respects with Applicable Law and all material Contractual Obligations.

SECTION 6.8. EXCHANGE LISTING; TAX STATUS OF BORROWER PARTIES. The REIT will do or

cause to be done all things necessary to maintain the listing of its Capital Stock on the New York Stock Exchange, the American Stock Exchange or the Nasdaq National Market System and continue to qualify as a real estate investment trust under the Code, and the Borrower will do or cause to be done all things necessary to cause it to be treated as a partnership for purposes of federal income taxation and the tax laws of any state or locality in which the Borrower is subject to taxation based on its income.

SECTION 6.9. SUBORDINATION.

6.9.1. The REIT, the Borrower and each Guarantor (each a "SUBORDINATED CREDITOR") hereby absolutely subordinates, both in right of payment and in time of payment, (a) in the case of the REIT, any and all present or future obligations and liabilities of the Borrower or any Guarantor to the REIT, (b) in the case of any Guarantor, any and all present or future obligations and liabilities of the Borrower or any other Guarantor to such Guarantor. and (c) in the case of the Borrower, any and all present and future obligations and liabilities of the REIT or any Guarantor to the Borrower (such obligations and liabilities referred to in clause (a) or (b) being "SUBORDINATED DEBT"), to the prior payment in full in cash of the Obligations or the obligations of such Person under the Guaranty, as applicable. Each Subordinated Creditor agrees to make no claim for, or receive payment with respect to, such Subordinated Debt until all Obligations and such obligations have been fully discharged in cash. Notwithstanding the foregoing, the Borrower shall be entitled to declare and pay dividends with respect to its Capital Stock, as long as no Event of Default then exists.

6.9.2. All amounts and other assets that may from time to time be paid or distributed to or otherwise received by any Subordinated Creditor in respect of Subordinated Debt in violation of this Section 6.9. shall be segregated and held in trust by the Subordinated Creditor for the benefit of the Lender Parties and promptly paid over to the Agent.

6.9.3. Each Subordinated Creditor further agrees not to assign all or any part of the Subordinated Debt unless the Agent is given prior notice and such assignment is expressly made subject to the terms of this Agreement. If the Agent so requests, (a) all instruments evidencing the Subordinated Debt shall be duly endorsed and delivered to the Agent, (b) all security for the Subordinated Debt shall be duly assigned and delivered to Agent for the benefit of the Lenders, (c) the Subordinated Debt shall be enforced, collected and held by the relevant Subordinated Creditor as trustee for the Lender Parties and shall be paid over to the Agent for the benefit of the Lenders on account of the Advances, and (d) the Subordinated Creditors shall execute, file and record such documents and instruments and take such other action as the Agent deems necessary or appropriate to perfect, preserve and enforce the Lender Parties' rights in and to the Subordinated Debt and any security therefor. If any Subordinated Creditor fails to take any such action, the Lender, as attorney-in-fact for such Subordinated Creditor, is hereby authorized to do so in the name of the Subordinated Creditor. The foregoing power of attorney is coupled with an interest and cannot be revoked.

6.9.4. In any bankruptcy or other proceeding in which the filing of claims is

required by Applicable Law, each Subordinated Creditor shall file all claims relating to the Subordinated Debt that the Subordinated Creditor may have against the obligor thereunder and shall assign to the Agent, for the benefit of the Lenders, all rights of the relating to the Subordinated Debt thereunder. If any Subordinated Creditor does not file any such claim, the Agent, as attorney-in-fact for the Subordinated Creditor, is hereby authorized to do so in the name of the Subordinated Creditor or, in the Agent's discretion, to assign the claim to a nominee and to cause proof of claim to be filed in the name of the Agent or the Agent's nominee. The foregoing power of attorney is coupled with an interest and cannot be revoked. The Agent or its nominee shall have the right, in its reasonable discretion, to accept or reject any plan proposed in such proceeding and to take any other action which a party filing a claim is entitled to do. In all such cases, whether in administration, bankruptcy or otherwise, the Person or Persons authorized to pay such claim shall pay to the Agent for the benefit of the Lenders the amount payable on such claim and, to the full extent necessary for that purpose, each Subordinated Creditor hereby assigns to the Agent for the benefit of the Lenders all of the Subordinated Creditor's rights to any such payments or distributions; PROVIDED, HOWEVER, the Subordinated Creditor's obligations hereunder shall not be satisfied except to the extent that the Agent receives cash by reason of any such payment or distribution.

SECTION 6.10. REMEDIAL ACTION REGARDING HAZARDOUS MATERIALS. The Borrower shall promptly take, and shall cause its Subsidiaries promptly to take, any and all necessary remedial action in connection with the presence, storage, use, disposal, transportation or release of any Hazardous Materials on, under or about any Real Property in order to comply with all applicable Environmental Requirements. In the event that the Borrower or any of its Subsidiaries undertakes any remedial action with respect to any Hazardous Materials on, under or about any Real Properties, the Borrower and such Subsidiary shall conduct and complete such remedial action in compliance with all applicable Environmental Requirements and in accordance with the policies, orders and directives of all Governmental Authorities.

SECTION 6.11. YEAR 2000 COVENANT. The Borrower shall ensure that the following are Year 2000 Compliant in a timely manner, but in no event later than December 31, 1999: (a) the Borrower; and (b) any other major Real Properties and entities in which the Borrower holds a controlling interest. As used in this paragraph, "major" shall mean properties or entities the failure of which to be Year 2000 Compliant would have a Material Adverse Effect on the Borrower. The term "YEAR 2000 COMPLIANT" shall mean, in regard to any Real Property or entity, that all software, hardware, equipment, goods or systems utilized by or material to the physical operations, business operations, or financial reporting of such Real Property or entity (collectively, the "systems") will properly perform date sensitive functions, the failure of which would cause a Material Adverse Effect on the Borrower before, during and after the year 2000. In furtherance of this covenant, the Borrower shall, in addition to any other necessary actions, perform a comprehensive review and assessment of all material systems of the Borrower, and shall adopt a plan for the testing, remediation, and monitoring of such systems. The Borrower shall, within thirty business days of the Agent's written request, provide to the Agent such certifications or other evidence of the Borrower's compliance with the terms of this paragraph as the Agent may from time to time reasonably require.

ARTICLE 7.

NEGATIVE COVENANTS OF THE BORROWER PARTIES

So long as any portion of the Commitments shall be in effect and until all Obligations are paid in full:

SECTION 7.1. UNSECURED DEBT AND CLAIMS.

7.1.1. The Borrower Parties shall not, and shall not permit any other Consolidated Entity to, directly or indirectly, create, incur, assume, guarantee, or otherwise become or remain liable with respect to, any Unsecured Funded Debt, except (a) the Obligations, (b) trade accounts payable and accruals incurred in the ordinary course of business, guaranties and deferred purchase obligations related to acquisitions and deferred acquisition costs and (c) Permitted Subordinated Debentures.

7.1.2. The Borrower Parties shall not, and shall not permit any other Consolidated Entity to, directly or indirectly, create, incur, assume, guarantee, or otherwise become or remain liable with respect to, any unsecured Debt, liabilities or claims (excluding (a) Unsecured Funded Debt and (b) Debt of Unconsolidated Joint Ventures that constitutes Non-Recourse Debt) if, as a result, the sum of (i) the amount of all such unsecured Debt, liabilities and claims of the REIT and the Consolidated Entities, PLUS the REIT's PRO RATA share of all unsecured Debt, liabilities and claims of the Unconsolidated Joint Ventures (excluding Non-Recourse Debt), would exceed (ii) the sum of the amount of all tenant and other receivables and cash and cash equivalents of the REIT and the Consolidated Entities PLUS the REIT's PRO RATA share of tenant and other receivables and cash and cash equivalents of the Unconsolidated Joint Ventures, by more than 3.5% of Gross Asset Value. For purposes of this Section, the REIT's PRO RATA share of unsecured Debt, liabilities, claims, receivables, cash or cash equivalents of any Unconsolidated Joint Venture shall be deemed equal to the product of (i) the unsecured Debt, liabilities, claims, receivables, cash or cash equivalents, as applicable, of such Unconsolidated Joint Venture, MULTIPLIED BY (ii) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

SECTION 7.2. INVESTMENTS; ASSET MIX.

7.2.1. The REIT shall not at any time make or own any Investment in any Person, or purchase, lease or own any other asset or property, except in (a) the Borrower, (b) any Capital Stock of the Consolidated Entities (other than the Borrower) listed in SCHEDULE 5.4. on the Closing Date, or any Capital Stock of any Consolidated Entity (including a Bankruptcy Remote Entity) formed or acquired after the Closing Date and added to SCHEDULE 5.4. in accordance with Section 10.2.2., PROVIDED that such Investment in such formed or acquired Consolidated Entity shall not exceed one percent (1%) of the Capital Stock of such Consolidated Entity, and (c) any cash or other property that is being distributed to the shareholders of the REIT substantially contemporaneous with the REIT's receipt of such property from the Borrower.

7.2.2. The Borrower shall not at any time make or own any Investment in any Person, or purchase, lease or own any Real Property or other asset, except that the Borrower may own or lease the following, subject to the limitations set forth below:

ASSET TYPE	LIMITATION ON VALUE FOR EACH ASSET TYPE
1. Wholly-Owned Retail Properties (other than Retail Property Under Construction)	Unlimited
2. Wholly-Owned Raw Land that is not under development and for which no development is planned to commence within 12 months after the date on which it was acquired	5% of Gross Asset Value
3. Wholly-Owned Real Property (other than Retail Properties, Retail Properties Under Construction or Raw Land referred to in clause 2.)	5% of Gross Asset Value
4. Wholly-Owned Capital Stock of any corporation (other than any Person (a "WHOLLY-OWNED ENTITY") at least 99% of the Capital Stock of which is held of record and beneficially by the Borrower and the balance of the Capital Stock of which (if any) is held of record and beneficially by the REIT (or any wholly-owned Subsidiary of the REIT))	5% of Gross Asset Value, PROVIDED that the Borrower may hold Capital Stock of corporate Subsidiaries formed to acquire one or more Retail Properties if, together with any other Capital Stock, holdings in such Capital Stock do not exceed 30% of Gross Asset Value
5. Wholly-Owned Mortgage Loans; PROVIDED that the mortgage or deed of trust securing any such Mortgage Loan is a first priority mortgage or deed of trust	15% of Gross Asset Value

6. Wholly-Owned Capital Stock of Joint Ventures (other than corporations or Wholly-Owned Entities (as defined above)) of which the Borrower is a general partner and that hold primarily Retail Properties	40% of Gross Asset Value
7. Retail Property Under Construction (as measured by Construction-in-Process)	10% of Gross Asset Value
8. Permitted Investments	Unlimited
9. Capital Stock of Management Companies	5% of Gross Asset Value

Notwithstanding the foregoing, Investments and other assets in the foregoing categories 2 through 7 and 9 may not exceed, at any time, 50% of Gross Asset Value. Without limitation of Section 1.2.3., all values of Investments and other assets shall be the book values of such Investments and assets, determined in accordance with GAAP, except as otherwise expressly provided.

SECTION 7.3. FINANCIAL COVENANTS.

7.3.1. MINIMUM TANGIBLE NET WORTH. As of the last day of any Fiscal Quarter, Tangible Net Worth shall not be less than the sum of (a) $275,000,000, MINUS (b) 100% of the cumulative Depreciation and Amortization Expense deducted in determining Net Income for all fiscal quarters ending after December 31, 1997, PLUS (c) 90% of the cumulative net cash proceeds received from and the value of assets acquired (net of Debt incurred or assumed in connection therewith) through the issuance of Capital Stock of the REIT or the Borrower after December 31, 1997. For purposes of clause (c), "net" means net of underwriters' discounts, commissions and other reasonable out-of-pocket expenses of issuance actually paid to any Person (other than a Macerich Group Member or any Affiliate of any Borrower Party).

7.3.2. MAXIMUM TOTAL LIABILITIES TO GROSS ASSET VALUE. The ratio of Total Liabilities to Gross Asset Value shall not be more than 60% at any time, except that, during the period from the Closing Date to and including December 31, 1998, such ratio shall not be more than 65%.

7.3.3. MINIMUM INTEREST COVERAGE RATIO. As of the last day of any fiscal quarter, the Interest Coverage Ratio shall not be less than 1.80.

7.3.4. MINIMUM FIXED CHARGE COVERAGE RATIO. As of the last day of any fiscal quarter, the Fixed Charge Coverage Ratio shall not be less than 1.60.

7.3.5. MINIMUM SENIOR UNSECURED INTEREST EXPENSE COVERAGE RATIO. As of the last day of any fiscal quarter, the Senior Unsecured Interest Expense Coverage Ratio shall not be less than 1.75.

7.3.6. MAXIMUM FLOATING RATE DEBT. The sum of the following shall not exceed $500,000,000 at any time (without duplication): (a) Floating Rate Debt of the REIT and the Consolidated Entities, PLUS (b) the REIT's PRO RATA share of all Floating Rate Debt of the Unconsolidated Joint Ventures that does not otherwise constitute Debt of the REIT or any Consolidated Entity. For purposes of the foregoing, (i) "FLOATING RATE DEBT" means any Debt interest on which accrues at a floating rate (including any Fixed Rate), except to the extent there is then in full force and effect an interest rate swap or "cap" agreement that does not expire or terminate prior to the Maturity Date with respect to such Debt that entitles the obligor under such Debt to payments from the counterparty equal to, and payable at the same time as, the floating rate payable on such Debt (or that portion thereof exceeding the "cap"), in return for payments by the obligor of fixed amounts to such counterparty, and (ii) the REIT's PRO RATA share of Floating Rate Debt of any Unconsolidated Joint Venture shall be deemed equal to the product of (A) the Floating Rate Debt of such Unconsolidated Joint Venture (other than Debt that is a Contingent Obligation of any Borrower Party), MULTIPLIED BY (B) the percentage of the total outstanding Capital Stock of such Person held by the REIT or any Consolidated Entity, expressed as a decimal.

SECTION 7.4. MINIMUM UNENCUMBERED POOL. The aggregate of the Unencumbered Asset Values of all Unencumbered Assets in the Unencumbered Pool shall not, at any time, be less than 165% of the sum of the unsecured Debt of the REIT and the Consolidated Entities (other than the Permitted Subordinated Debentures) outstanding at such time.

SECTION 7.5. AGGREGATE LEASED AREA OF REAL PROPERTIES IN UNENCUMBERED POOL. As of the last day of any fiscal quarter, the ratio (expressed as a percentage) of (i) the aggregate M&F Gross Leaseable Area of the Retail Properties included in the Unencumbered Pool that is subject to a bona fide lease pursuant to which the contractually agreed rent is being paid by the tenant thereunder to (ii) the aggregate M&F Gross Leaseable Area of the Retail Properties included in the Unencumbered Pool shall not be less than 85%; PROVIDED that the M&F Gross Leaseable Area of any Retail Property included in the Unencumbered Pool that constitutes a Retail Property Under Construction shall be excluded from the calculation provided for in clause (i) and (ii).

SECTION 7.6. RESTRICTION ON FUNDAMENTAL CHANGES. The REIT and the Consolidated Entities shall not enter into any merger, consolidation or reorganization or any sale of all or a substantial portion of the assets of the REIT and the Consolidated Entities, taken as a whole, or liquidate, wind up or dissolve, except that:

7.6.1. as long as no Default or Event of Default shall exist after giving effect to such merger or consolidation, any Consolidated Entity (other than the Borrower) may be merged or consolidated with or into the Borrower;

7.6.2. any Person may merge or consolidate with and into the Borrower or any other Consolidated Entity and the Borrower or any other Consolidated Entity may merge or consolidate with and into any Person, in each case, with the prior written approval of the Required Lenders.

SECTION 7.7. TRANSACTIONS WITH AFFILIATES. None of the REIT, the Borrower and the other Consolidated Entities shall, directly or indirectly, enter into any transaction (including the purchase, sale, lease, or exchange of any property or the rendering of any service) (i) in the case of a transaction to which the REIT is a party, with the Borrower or any Consolidated Entity or Unconsolidated Joint Venture, and (ii) in the case of any other transaction, with any Affiliate of the Borrower or of any Consolidated Entity (other than a transaction with a Consolidated Entity that is not a Bankruptcy Remote Entity), in each case unless (a) such transaction is not otherwise prohibited by this Agreement, (b) such transaction is in the ordinary course of business and (c) such transaction is on fair and reasonable terms no less favorable to the Borrower, Consolidated Entity or Unconsolidated Joint Venture party thereto, as the case may be, than those terms which might be obtained at the time in a comparable arm's length transaction with a Person who is not the REIT or such an Affiliate or, if such transaction is not one which by its nature could be obtained from such other Person, is on fair and reasonable terms and was negotiated in good faith, PROVIDED that this Section 7.7. shall not restrict (a) dividends, distributions and other payments and transfers on account of any shares of Capital Stock of any Consolidated Entity, (b) payments pursuant to the terms of any Contractual Obligations in effect on the date of the Existing WFB Credit Agreement, PROVIDED that such dividends, distributions or other payments are not otherwise prohibited by the terms of this Agreement or would result in a Default or an Event of Default, and (c) transactions between any Unconsolidated Joint Venture that is not controlled by the REIT or by any Consolidated Entity and any Affiliate of such Unconsolidated Joint Venture that is not also an Affiliate of the REIT or of any Consolidated Entity.

SECTION 7.8. RESTRICTED PAYMENTS. The Borrower shall not, and shall not permit the REIT or any Subsidiary to, directly or indirectly, declare, pay or make, or agree to declare, pay or make, any Restricted Payment, except:

7.8.1. dividends, distributions or payments (a) by the Borrower to the REIT (to the extent used by the REIT for the payment of dividends permissible under Section 7.8.2. or 7.8.3.), or (b) by any Subsidiary to the Borrower or to a Wholly-Owned Subsidiary that is not a Bankruptcy Remote Entity;

7.8.2. if no Default or Event of Default shall then exist or result from such Restricted Payment, the REIT, the Borrower and any Subsidiary may pay or make Restricted Payments so long as the aggregate amount of all Restricted Payments pursuant to this Section 7.8.2. paid during the four Fiscal Quarters immediately preceding the Fiscal Quarter in which such Restricted Payment is proposed to be made (treated as a single accounting period), together with the Restricted Payment proposed to be made, does not exceed 95% of the aggregate amount of Funds From Operations for such period of four Fiscal Quarters; and

7.8.3. if no Default or Event of Default under Section 8.1.1. shall then exist or result from such Restricted Payment, the REIT may pay or make Restricted Payments only in the amount necessary to enable the REIT to meet the requirements for taxation as a real estate investment trust under the Code, but in any event not in excess of 95% of the aggregate amount of Funds From Operations for the four Fiscal Quarters immediately preceding the Fiscal Quarter in which such Restricted Payment is proposed to be made (treated as a single accounting period).

SECTION 7.9. ERISA. No Borrower Party shall, and no Borrower Party shall permit any current ERISA Affiliate to:

7.9.1. engage in any Prohibited Transaction or engage in any conduct or commit any act or suffer to exist any condition that could give rise to any Material excise tax, penalty, interest or liability under Sections 4971, 4972, 4975, 4976, 4977, 4979, 4980 or 4980B of the Code or Sections 502(c) or 502(i) of ERISA;

7.9.2. permit the benefit liabilities (whether or not vested) under all Plans (excluding all Plans with assets greater than or equal to liabilities (whether or not vested)) to exceed the current value of the assets of such Plans allocable to such benefits by more than $500,000;

7.9.3. adopt or contribute to any Plan that is a Defined Benefit Plan;

7.9.4. create or suffer to exist any liability with respect to Plans that are welfare plans within the meaning of Section 3(1) of ERISA if, after immediately giving effect to such liability, the aggregate annualized cost with respect to such Plans for post retirement benefits for any fiscal year would exceed $500,000; or

7.9.5. Allow any investment in any Borrower Party by benefit plan investors to become significant within the meaning of Department of Labor Regulation Section 2510.3-101(f).

SECTION 7.10. AMENDMENTS OF CHARTER AND BYLAWS. No Borrower Party will make any amendment of its charter, bylaws, partnership agreement or other organizational document, as the case may be, if such amendment could have a Material Adverse Effect or could otherwise be materially disadvantageous to the Lender Parties.

SECTION 7.11. PAYMENTS WITH RESPECT TO PERMITTED SUBORDINATED DEBENTURES. The REIT will not make any payment of principal (including redemption price) of or premium, if any, or interest on, or additional amounts or purchase price payable with respect to the Permitted Subordinated Debentures (including any amounts payable upon repurchase at the election of the holders of such Permitted Subordinated Debentures upon the occurrence of a Designated Event, as such term is defined in the Offering Circular for such Permitted Subordinated Debentures), unless (i) no Default or Event of Default under Section 8.1.1. or 8.1.7. and (ii) no other Event of Default, then exists or would exist giving effect to such payment on a PRO FORMA basis. At least five Business Days prior to making any such payment (other than a payment of interest) with

respect to the Permitted Subordinated Debentures (including any such payment upon the occurrence of a Designated Event, as so defined), the REIT shall notify the Agent and the Lenders of such payment, which notice shall be accompanied by a certificate substantially in the form of Exhibit C-4 demonstrating that such payment will be permissible under this Section 7.11..

SECTION 7.12. ACQUISITIONS OF REAL PROPERTIES. Neither the Borrower nor any Consolidated Entity shall purchase any Real Property in a single transaction or series of related transactions the gross purchase price of which exceeds 25% of the Gross Asset Value without the prior written approval of the Required Lenders.

ARTICLE 8.

EVENTS OF DEFAULT

SECTION 8.1. EVENTS OF DEFAULT. The occurrence of any one or more of the following events, acts or occurrences shall constitute an event of default (an "EVENT OF DEFAULT"):

8.1.1. FAILURE TO MAKE PAYMENTS. The Borrower (i) shall fail to pay when due any principal (whether at stated maturity, upon acceleration, upon required prepayment or otherwise) of any Advance or (ii) shall fail to pay interest on any Advance or any other amount payable under the Loan Documents within three Business Days of the date when due; or

8.1.2. DEFAULT IN OTHER DEBT. The REIT or any Consolidated Entity shall (a) default in the payment (whether at stated maturity, upon acceleration, upon required prepayment or otherwise), beyond any period of grace provided therefor, of any principal of or interest on any Non-Recourse Secured Debt with a principal amount in excess of $20,000,000 or any other Debt with a principal amount in excess of $1,000,000 or (b) be in default, breach or violation, beyond any period of grace or notice provided therefor, of any other agreement, covenant, representation, warranty or obligation under any Non-Recourse Secured Debt with a principal amount in excess of $20,000,000 or any other Debt with a principal amount in excess of $1,000,000 and as a result of such default, breach or violation the holder or holders of such Debt (or a Person on behalf of such holder or holders) shall cause such Debt to become or be declared due and payable prior to its stated maturity, PROVIDED that the foregoing shall not apply to Non-Recourse Debt of Unconsolidated Joint Ventures; or

8.1.3. BREACH OF CERTAIN NONFINANCIAL COVENANTS. The Borrower shall fail to perform, comply with or observe any agreement, covenant or obligation under Section 2.3., 6.1.4., 6.3. (insofar as such Section requires the preservation of the corporate existence of any Borrower Party), 6.8., 6.9., 7.6., 7.7., 7.8., 7.10., 7.11. or 7.12.; or

8.1.4. BREACH OF CERTAIN FINANCIAL COVENANTS. The Borrower shall fail to comply with or observe any agreement, covenant or obligation under Section 7.1., 7.2., 7.3., 7.4. or 7.5. and such failure shall not have been remedied within 30 days after written notice thereof

from the Agent or any Lender; or

8.1.5. BREACH OF WARRANTY. Any representation or warranty or certification made or furnished by any Borrower Party under this Agreement or the other Loan Documents or any agreement, instrument or document contemplated hereby and thereby shall prove to have been false or incorrect in any material respect when made (or deemed made); or

8.1.6. OTHER DEFAULTS UNDER AGREEMENT AND OTHER LOAN DOCUMENTS. Any Borrower Party shall fail to perform, comply with or observe any agreement, covenant or obligation to be performed, observed or complied with by it under this Agreement (other than those provisions referred to in Section 8.1.3. or 8.1.4. above) or under the other Loan Documents (other than a Letter of Credit Agreement) and such failure shall not have been remedied within 60 days after written notice thereof from the Agent or any Lender, or there shall occur any "Event of Default" (as defined in the Letter of Credit Agreement); or

8.1.7. INVOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER, ETC. There shall be commenced against any Borrower Party or any Consolidated Entity an involuntary case seeking the liquidation or reorganization of any such Borrower Party or Consolidated Entity under Chapter 7 or Chapter 11, respectively, of the Bankruptcy Code or any similar proceeding under any other Applicable Law or an involuntary case or proceeding seeking the appointment of a receiver, liquidator, sequestrator, custodian, trustee or other officer having similar powers of any such Borrower Party or Consolidated Entity or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business, and any of the following events occur: (i) any such Borrower Party or Consolidated Entity consents to the institution of the involuntary case or proceeding; (ii) the petition commencing the involuntary case or proceeding is not timely controverted; (iii) the petition commencing the involuntary case or proceeding remains undismissed and unstayed for a period of 60 days (PROVIDED, HOWEVER, that, during the pendency of such period, the Lenders shall be relieved of the Commitments); or (iv) an order for relief shall have been issued or entered therein; or

8.1.8. VOLUNTARY BANKRUPTCY; APPOINTMENT OF RECEIVER, ETC. Any Borrower Party or any Consolidated Entity shall institute a voluntary case seeking liquidation or reorganization under Chapter 7 or Chapter 11, respectively, of the Bankruptcy Code or any similar proceeding under any other Applicable Law, or shall consent thereto; or shall consent to the conversion of an involuntary case to a voluntary case; or shall file a petition, answer a complaint or otherwise institute any proceeding seeking, or shall consent or acquiesce to the appointment of, a receiver, liquidator, sequestrator, custodian, trustee or other officer with similar powers of it or to take possession of all or a substantial portion of its property or to operate all or a substantial portion of its business; or shall make a general assignment for the benefit of creditors; or shall generally not pay its debts as they become due; or the Board of Directors (or respective governing body) of any Borrower Party or Consolidated Entity (or any committee thereof) adopts any resolution or otherwise authorizes action to approve any of the foregoing; or

8.1.9. JUDGMENTS AND ATTACHMENTS. Any Borrower Party or any Consolidated Entity shall suffer any money judgments, writs or warrants of attachment or similar processes which individually or in the aggregate involve an amount or value in excess of $1,000,000 and such judgments, writs, warrants or other orders shall continue unsatisfied and unstayed for a period of 10 days unless the amount of such judgments, writs, warrants or attachments are fully covered by insurance (other than deductibles substantially the same as those in effect on the Closing Date and provided that any deductible in excess of $100,000 is supported by a bond or letter of credit in at least the amount by which such deductible exceeds $100,000) and the insurer has in writing accepted liability therefor; or a judgment creditor shall obtain possession of any material portion of the assets of the REIT or any Consolidated Entity by any means, including, without limitation, levy, distraint, replevin or self-help; or

8.1.10. ERISA LIABILITIES. Any violation of Section 7.9.3. or 7.9.5. shall occur; or

8.1.11. CHANGE OF CONTROL OR MANAGEMENT. The Principal Investors no longer control, directly or indirectly, at least 10% of the Capital Stock of the Borrower (which percentage shall be subject to adjustment to give effect to any dilution of such holdings by virtue of the issuance of any Capital Stock of the Borrower or the REIT after the Closing Date or Arthur Coppola and either of Edward Coppola or Thomas E. O'Hern are no longer Senior Officers of the REIT and the Borrower; or

8.1.12. GENERAL PARTNER. The REIT shall cease to be the general partner of the Borrower; or

8.1.13. INVALIDITY OF GUARANTY OR SUBORDINATION. The Guaranty or the subordination provisions of Section 6.9. shall for any reason be revoked or invalidated, or otherwise cease to be in full force and effect, or any Guarantor or Subordinated Creditor shall contest in any manner the validity or enforceability thereof or deny that it has any further liability or obligation thereunder; or

8.1.14. CHANGE OF TAX STATUS.

8.1.14.1. The REIT shall either determine in good faith or receive written notice from the relevant taxing authority that the REIT does not conform or no longer conforms to the requirements for qualification as a real estate investment trust under the Code (except as a result of the enactment of any Applicable Law with which the REIT cannot or has determined in good faith not to comply); or

8.1.14.2. The Borrower or any Guarantor shall either determine in good faith or receive written notice from the relevant taxing authority that the Borrower or any Guarantor does not conform or no longer conforms to the requirements for qualification as a partnership under the Code.

SECTION 8.2. REMEDIES. Upon the occurrence of an Event of Default:

8.2.1. If an Event of Default occurs under Section 8.1.7. or 8.1.8., then the Commitments and all pending Competitive Bids (whether or not accepted) shall automatically and immediately terminate, and the obligation of the Lenders to make any Advances and of the Agent Bank to issue any Letter of Credit hereunder shall cease, and the unpaid principal amount of and any accrued interest on all Advances shall automatically become immediately due and payable, without presentment, demand, protest, notice or other requirements of any kind, all of which are hereby expressly waived by the Borrower.

8.2.2. If an Event of Default occurs under Section 8.1. hereof, other than under Section 8.1.7. or 8.1.8., (a) the Agent shall, at the request of the Required Lenders, by written notice to the Borrower, declare that the Commitments and all pending Competitive Bids (whether or not accepted) shall be terminated on the date that is 60 days after the date of such notice or on such earlier date as may be determined by the Required Lenders, whereupon the obligation of the Lenders to make any Advance and of the Agent Bank to issue any Letter of Credit hereunder shall cease on such day, and/or (b) the Agent shall, at the request of the Required Lenders, by written notice to the Borrower, declare the unpaid principal amount of all Advances together with any and all accrued interest thereon to be, and the same shall become, due and payable on the date that is 60 days after the date of such notice or on such earlier date as may be determined by the Required Lenders, without presentment, demand, protest, any additional notice whatsoever or other requirements of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 8.3. RESCISSION. At any time after the Advances shall have been declared due and payable pursuant to Section 8.2.2. or a demand shall have been made pursuant to Section 8.4, the Required Lenders, by written notice by the Agent to the Borrower, may rescind and annul any such declaration or demand and its consequences, PROVIDED the Required Lenders hold 66-2/3% of the outstanding Advances. No rescission and annulment under this Section 8.3. will extend to or affect any subsequent Event of Default or Default or impair any right consequent thereon.

SECTION 8.4. ACTIONS IN RESPECT OF LETTERS OF CREDIT.

8.4.1. LETTER OF CREDIT COLLATERAL ACCOUNT. If, at any time and from time to time, any Letter of Credit shall have been issued hereunder and an Event of Default shall have occurred and be continuing, then, upon the occurrence and during the continuation thereof, the Agent shall at the request of the Required Lenders, whether in addition to the taking by the Agent of any of the actions described in this Article 8 or otherwise, make a demand upon the Borrower to, and forthwith upon such demand (but in any event within ten days after such demand) the Borrower shall, (i) pay to the Agent, on behalf of the Lender Parties, in same day funds at the Agent's office designated in such demand, for deposit in a special interest-bearing cash collateral account (the "LETTER OF CREDIT COLLATERAL ACCOUNT") to be maintained in the name of "The Macerich Partnership, L.P., who executed a Security Agreement Rights to Payment in favor of Wells Fargo Bank, National Association, as Agent for the Lender Parties" and under the Agent's sole dominion and control at such place as shall be designated by the Agent, an amount equal to

the amount of the Letter of Credit Liability under the Letters of Credit, and (ii) execute and deliver to the Agent all such documents, instruments and/or certificates as the Agent shall reasonably request in order to perfect, and maintain a perfected security interest in, the Letter of Credit Collateral (including, without limitation, a Security Agreement Rights to Payment, Uniform Commercial Code financing statements and any notice required to perfect the Agent's security interest in the Letter of Credit). The Borrower authorizes and empowers the Agent, as its attorney-in-fact, and as its agent, irrevocably, with full power of substitution for it and in its name, following the occurrence of an Event of Default, to give any authorization, to furnish any information, to make any demands, to execute and/or deliver any documents, instruments and/or certificates (including, without limitation, a Security Agreement Rights to Payment, Uniform Commercial Code financing statements and notices required to perfect the Agent's security interest in the Letter of Credit Collateral) and to take any and all other action on behalf of and in the name of the Borrower which in the opinion of the Agent may be necessary or appropriate to be given, furnished, made, exercised or taken to perfect or maintain the perfection of the Agent's security interest in the Letter of Credit Collateral. This power-of-attorney is irrevocable and coupled with an interest, and any similar or dissimilar powers heretofore given by the Borrower in respect of the Letter of Credit Collateral to any other Person are hereby revoked.

8.4.2. PLEDGE OF LETTER OF CREDIT COLLATERAL. The Borrower hereby pledges, assigns and grants to the Agent, as collateral agent for its benefit and the ratable benefit of the other Lender Parties a lien on and a security interest in, the following collateral (the "LETTER OF CREDIT COLLATERAL"):

8.4.2.1. the Letter of Credit Collateral Account, all cash deposited therein and all certificates and instruments, if any, from time to time representing or evidencing the Letter of Credit Collateral Account;

8.4.2.1. all notes, certificates of deposit and other instruments from time to time hereafter delivered to or otherwise possessed by the Agent for or on behalf of the Borrower in substitution for or in respect of any or all of the then existing Letter of Credit Collateral;

8.4.2.1. all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Letter of Credit Collateral; and

8.4.2.1. to the extent not covered by the above clauses, all proceeds of any or all of the foregoing Letter of Credit Collateral.

The lien and security interest granted hereby secures the payment of all Obligations of the Borrower now or hereafter existing hereunder and under any Loan Documents.

8.4.3. APPLICATION OF FUNDS IN LETTER OF CREDIT COLLATERAL ACCOUNT. The Borrower hereby authorizes the Agent for the ratable benefit of the Lenders to apply, from time to time

after funds are deposited in the Letter of Credit Collateral Account, funds then held in the Letter of Credit Collateral Account to the payment of any amounts, in such order as the Agent may elect, as shall have become due and payable by the Borrower to the Lender Parties in respect of the Letters of Credit.

8.4.4. LIMITATION ON THE BORROWER'S RIGHTS. Neither the Borrower nor any Person claiming or acting on behalf of or through the Borrower shall have any right to withdraw any of the funds held in the Letter of Credit Collateral Account, except as provided in Section 8.4.8 hereof.

8.4.5. NEGATIVE COVENANTS. The Borrower agrees that it will not (i) sell or otherwise dispose of any interest in the Letter of Credit Collateral or (ii) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Letter of Credit Collateral, except for the security interest created by this Section 8.4.

8.4.6. RIGHTS OF AGENT ON EVENT OF DEFAULT. If any Event of Default shall have occurred and be continuing:

8.4.6.1. The Agent may, in its sole discretion, without notice to the Borrower except as required by law and at any time from time to time, charge, set off or otherwise apply all or any part of FIRST, (x) amounts previously drawn on any Letter of Credit that have not been reimbursed by the Borrower and (y) any Letter of Credit Liability that is then due and payable, and SECOND, any other unpaid Obligations then due and payable against the Letter of Credit Collateral Account or any part thereof, in accordance with Section 2.10.5. The rights of the Agent under this Section 8.4 are in addition to any rights and remedies which any Lender may have.

8.4.6.2. The Agent may also exercise, in its sole discretion, in respect of the Letter of Credit Collateral Account, in addition to the other rights and remedies provided herein or otherwise available to it, all the rights and remedies of a secured party upon default under the Uniform Commercial Code in effect in the State of California at that time.

8.4.7. STANDARD OF CARE. The Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Letter of Credit Collateral if the Letter of Credit Collateral is accorded treatment substantially equal to that which the Agent accords its own property, it being understood that, assuming such treatment, the Agent shall not have any responsibility or liability with respect thereto.

8.4.8. CURE. At such time as all Events of Default have been cured or waived in writing, all amounts remaining in the Letter of Credit Collateral Account shall be promptly returned to the Borrower. Absent such cure or written waiver, any surplus of the funds held in the Letter of Credit Collateral Account and remaining after payment in full of all of the Obligations of the Borrower hereunder and under any other Loan Document after the Maturity Date shall be paid to the Borrower or to whomsoever may be lawfully entitled to receive such surplus.

ARTICLE 9.

THE AGENT AND THE LENDERS

SECTION 9.1. AUTHORIZATION AND ACTION.

9.1.1. Each Lender hereby irrevocably appoints and authorizes the Agent Bank to act as its agent hereunder and under the other Loan Documents, to execute and deliver or accept, on its behalf, the other Loan Documents and any other documents, instruments and agreements related thereto or hereto to take such action on its behalf under the provisions hereof and thereof and to exercise such rights, remedies, powers and privileges hereunder and thereunder as are delegated to the Agent by the terms hereof and thereof, together with such rights, remedies, powers and privileges as are reasonably incidental thereto.

9.1.2. Except for any matters expressly subject to the consent or approval of the Agent under the Loan Documents, the Agent shall not, without the prior approval of the Required Lenders (or, as provided in Section 10.2., all of the Lenders), waive any default or otherwise amend this Agreement or any other Loan Documents. The Agent will, to the extent practicable under the circumstances, consult with the other Lender Parties prior to taking action on their behalf under the Loan Documents and in acting as their Agent thereunder. The Agent will not take any action contrary to the written direction of Required Lenders, will take any lawful action not contrary to the provisions of the Loan Documents prescribed in written instructions of the Required Lenders (or, as provided in Section 10.2., all the Lenders) and, as to any matters not expressly provided for by the Loan Documents (including enforcement or collection), may decline to take any action, except upon the written instructions of the Required Lenders (or, as provided in Section 10.2., all the Lenders). If such instructions are requested reasonably promptly, the Agent shall be absolutely entitled to refrain from taking any action and shall not have any liability to any Borrower Party or any Lender for refraining from taking any action until it shall have received such instructions; PROVIDED, HOWEVER, that the Agent shall in no event be required to take or refrain from taking any action that would, in the Agent's opinion, be inconsistent with the Agent's practice in similar situations when acting solely for its own account or be contrary to the provisions of any Loan Document or Applicable Law.

9.1.3. The Agent shall not have any duties or responsibilities except those expressly set forth in the Loan Documents. The Agent shall not be required to exercise any right, power, remedy or privilege granted to it in any Loan Document, to ascertain or inquire whether any Default or Event of Default has occurred and is continuing, or to inspect the property (including the books and records) of any Borrower Party or to take any other affirmative action, except as provided in Sections 8.2. and 8.4, or unless requested or directed to do so in accordance with the provisions of Section 9.1.2.

9.1.4. The duties of the Agent shall be mechanical and administrative in nature. The Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any other Lender Party. Except for notices, reports and other documents and information expressly

required to be furnished by the Agent for the Lender Parties hereunder, the Agent shall not have any duty or responsibility to provide any Lender Party with any credit or other information concerning the affairs, financial condition or business of any Borrower Party that may come into the possession of the Agent or any of its Affiliates.

SECTION 9.2. EXCULPATION; AGENT'S RELIANCE; ETC. Neither the Agent nor any of its directors, officers, agents, attorneys or employees shall be liable to any Borrower Party or any other Lender Party for any action taken or omitted to be taken by it or them under or in connection with any Loan Document (a) with the consent or at the request of the Required Lenders (or, as provided in Section 10.2., all the Lenders), or (b) in any other circumstances, except for its or their own gross negligence or willful misconduct as determined by a final judgment of a court of competent jurisdiction. The Agent makes no warranty or representation to any other Lender Party and shall not be responsible to any other Lender Party for any recitals, statements, warranties or representations made in, or in connection with, any Loan Document or for the execution, effectiveness, genuineness, validity, enforceability, collectibility, or sufficiency of any Loan Document or any financial information, opinions of counsel or other documents executed and delivered pursuant thereto, or for the financial condition of any Borrower Party. The Agent shall not be responsible to any Lender for the satisfaction of any condition specified in Article 4., except receipt of items required to be delivered to the Agent. The Agent may treat the payee of any Note as the holder thereof until the Agent receives the related Assignment and Acceptance signed by such holder and the assignee and in form satisfactory to the Agent. The Agent shall be entitled to rely upon any notice, certificate or other writing believed by the Agent to be genuine and correct and to have been signed or sent by the proper Person or Persons. The Agent shall be entitled to consult with legal counsel, independent public accountants and other experts selected by the Agent and to act in reliance upon the advice of such counsel and other experts concerning its actions and duties hereunder.

SECTION 9.3. AGENT AND AFFILIATES. In its capacity as a Lender and issuer of Letters of Credit, the Agent Bank shall have the same rights, powers and obligations under this Agreement and the other Loan Documents as any other Lender and may exercise or refrain from exercising the same as though it were not the Agent or such issuer, including the right to give or deny consent to any action requiring consent or direction of the Required Lenders or all the Lenders. The Agent Bank and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, and generally engage in any kind of business with, any Borrower Party, any Subsidiary of a Borrower Party and any Affiliate of any Borrower Party, all as if the Agent were not the Agent and without any duty to account therefor to the Lenders. The Agent Bank shall be entitled to receive from the Borrower its fees or portions thereof in connection with this transaction without any liability to account therefor to any other Lender, except as the Agent Bank may have expressly agreed.

SECTION 9.4. LENDER CREDIT DECISION. Each Lender Party acknowledges that it has, independently and without reliance upon the Agent or any other Lender Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender Party also acknowledges that it will,

independently and without reliance upon the Agent or any other Lender Party and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents.

SECTION 9.5. INDEMNIFICATION. The Agent shall in no event be required to take any action under the Loan Documents or in relation thereto unless it shall first be indemnified to its satisfaction by the other Lender Parties against any and all liability and expense that it may incur by reason of taking any such action. Each Lender agrees to indemnify and hold the Agent harmless (to the extent not promptly paid or reimbursed by the Borrower), ratably according to their respective Commitments, from and against any and all (a) costs, expenses and other amounts incurred by the Agent otherwise payable by the Borrower pursuant to Section 10.1. and (b) Indemnified Liabilities that may be imposed on, incurred by, or asserted against the Agent, except to the extent they are finally adjudged by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Agent. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including outside counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, the Loan Documents, to the extent that the Agent is not promptly reimbursed for such expenses by the Borrower.

SECTION 9.6. SUCCESSOR AGENT. The Agent may resign at any time as Agent under the Loan Documents by giving not less than 30-days' written notice thereof to the Lenders and the Borrower and the Agent may be removed at any time with cause by written action of all Lenders (other than the Agent) delivered to the Agent. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's notice of resignation or the removal of the Agent, then the retiring or removed Agent may, on behalf of the other Lender Parties, appoint a successor Agent, which shall be a financial institution having a combined capital and surplus of at least $100,000,000, or a branch or agency of such a financial institution, organized or licensed to do business under the laws of the United States of America or any State thereof, and which shall have a minimum rating of "Baa-2" by Moody's and a minimum long-term debt rating of "BBB" by S&P. Upon the acceptance of any appointment as the Agent by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged of its duties and obligations under the Loan Documents. Upon any retiring Agent's resignation or removal, the provisions of this Article 9. (as well as other expense reimbursement, indemnification and exculpatory provisions in the other Loan Documents) shall continue in effect for its benefit as to any actions taken or omitted by it while it was Agent.

SECTION 9.7. EXCESS PAYMENTS. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Obligations in excess of its PRO RATA share of payments and other recoveries on account of

such Obligations obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in such Obligations held by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of the other Lenders; PROVIDED, HOWEVER, that if all or any portion of the excess payment or other recovery is thereafter recovered from such purchasing Lender, the purchase shall be rescinded and the purchase price restored to such Lender to the extent of such recovery, but without interest. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 9.7. may, to the fullest extent permitted by Applicable Law, exercise all of its rights of payment (including setoff) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 9.8. LENDER PARTIES. The provisions of this Article 9. are solely for the benefit of the Agent and the other Lender Parties, and the Borrower shall not have any rights to rely on or enforce any of the provisions hereof (except that the provisions of Sections 9.6. are also for the benefit of the Borrower). In performing its functions and duties under the Loan Documents, the Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation toward or relationship of agency or trust with or for the Borrower.

SECTION 9.9. DEFAULT BY THE BORROWER; ACCELERATION. The Agent will send to each Lender copies of any notices of a Default or an Event of Default sent by the Agent to the Borrower under the terms of the Loan Documents concurrently with sending the same to the Borrower. In the event of any Default or Event of Default of which the Agent has actual knowledge, the Agent shall (as soon as is practicable under the circumstances) consult with the Lenders in an effort to determine a mutually acceptable course of action with respect to the Default or Event of Default. The Agent may deliver to the Lenders a written recommendation of a course of action (the "recommended course of action"), in which case each Lender shall either approve such action in writing or object in writing to such action within thirty (30) days (or such lesser period as specified in the notice from the Agent) following such notice. Failure to deliver a written objection within thirty (30) days (or such lesser period which will not be less than five (5) business days) will be deemed to constitute an approval. The Agent may take the recommended course of action if consented or approved as provided above by the Required Lenders (or, as provided in Section 10.2., all Lenders), PROVIDED that no rights shall be released without the consent of all Lenders. In furtherance of the foregoing, and notwithstanding anything herein to the contrary, each Lender hereby appoints and constitutes the Agent its agent with full power and authority to exercise in the name of, and on behalf of each Lender, any and all rights and remedies which each Lender may have with respect to, and to the extent necessary under Applicable Law for, the enforcement of the Loan Documents, or which the Agent may have as a matter of law. It is understood and agreed that in the event the Agent determines it is necessary to engage counsel for the Lenders from and after the occurrence of an Event of Default, said counsel shall be selected by the Agent and written notice of the same shall be delivered to the Lenders.

SECTION 9.10. PAYMENTS; AVAILABILITY OF FUNDS; CERTAIN NOTICES.

9.10.1. If the Agent shall fail to deliver to any other Lender Party its share of any payment received from the Borrower as and when required by Section 2.9., the Agent shall pay to such Lender its share of such payment together with interest on such amount at the Federal Funds Rate, for each day from the date such amount was required to be paid to such Lender until the date the Agent pays such amount to such Lender, calculated as set forth in Section 2.4.4.

9.10.2. Unless (a) the Agent shall have been notified by a Lender prior to the date upon which an Advance is to be made pursuant to Section 2.1. or (b) the Agent shall have been notified by the Borrower prior to the date on which the Borrower is required to make any payment hereunder, that such Lender or the Borrower, as the case may be (the "OBLIGATED PARTY"), does not intend to make available to the Agent the Obligated Party's portion of such Advance or such payment, the Agent may assume that the Obligated Party will make such amount available to the Agent on such date and the Agent may, in reliance upon such assumption (but shall not be required to), make available to the Borrower (in the case of an Advance) or the Lenders (in the case of a payment by the Borrower) a corresponding amount. If such corresponding amount is not in fact made available to the Agent by the Obligated Party, the Agent shall be entitled to recover such amount on demand from the Obligated Party (or, in the case of an Advance, if the Lender that is the Obligated Party fails to pay such amount forthwith upon such demand, from the Borrower). Such amount shall be payable together with interest thereon from the day on which such corresponding amount was made available by the Agent to the Lender or the Borrower, as applicable, to the date of payment by the Obligated Party (or the Borrower, as applicable), at a rate of interest equal to (i) in the case of any payment by any other Lender Party, the Federal Funds Rate, and (ii) in the case of any payment by the Borrower, the interest rate applicable to the Advance. In addition, no Lender that fails to make any such payment or otherwise fails to perform any of its obligations hereunder within the time frame specified for payment or performance or, if no time frame is specified, if such failure continues for five Business Days after notice from the Agent (each a "DEFAULTING LENDER") shall have the right to vote on, or be considered to be a "Lender" with respect to, any matter for which a vote of the Required Lenders or all or any Lenders is required or may be taken under this Agreement during any period commencing on the date upon which such Lender Party is required to make such payment or render such performance through the date upon which such payment, together with the interest thereon at the Federal Funds Rate, is made or such performance is rendered. Furthermore, (a) until such time as a Defaulting Lender has funded its PRO RATA share of a Borrowing or a participation in a Letter of Credit or has funded the Bid Advance with respect to any Competitive Bid that has been accepted by the Borrower, or until all other Lender Parties have received payment in full (whether by repayment or prepayment) of all their Advances included in such Borrowing or used to fund such participation, and all interest and Fees due in respect thereof (collectively, the "SENIOR OBLIGATIONS"), (i) all of the Obligations (including principal, interest and Fees) owing to such Defaulting Lender hereunder shall be subordinated in right of payment to the prior payment in full of all Senior Obligations, and (ii) all amounts paid by any Borrower Party or otherwise due to be applied to the Obligations owing to the Defaulting Lender pursuant to the terms hereof (x) if due with respect to Committed Advances, shall be distributed by the Agent to the other Lender Parties in accordance with their respective PRO RATA shares (recalculated for purposes hereof to exclude the Defaulting Lender's Commitment) and

(y) if due with respect to any Bid Advance, shall be distributed by the Agent to the other Lender Parties who have Bid Advances then due and payable in accordance with their respective PRO RATA shares (based on the ratio of the aggregate amount due to each such other Lender Party to the aggregate amount then due and payable to all Lender Parties, but calculated for purposes hereof to exclude amounts due to the Defaulting Lender with respect to Bid Advances), until all Senior Obligations have been paid in full. This provision governs only the relationship among the Agent, each Defaulting Lender, and the other Lender Parties; nothing hereunder shall limit the obligation of any Borrower Party to repay all Advances and other Obligations in accordance with the terms of this Agreement and the other Loan Documents. The Agent shall be entitled to (1) withhold or set off and to apply to the payment of the defaulted amount and any related interest any amounts to paid to such Defaulting Lender under this Agreement and (2) bring an action or suit against such Defaulting Lender in a court of competent jurisdiction to recover the defaulted amount and any related interest. The provisions of this section shall apply and be effective regardless of whether an Event of Default occurs and is then continuing, and notwithstanding (i) any other provision of this Agreement to the contrary, (ii) any instruction of any Borrower Party as to its desired application of payments or (iii) the suspension of such Defaulting Lender's right to vote on matters which are subject to the consent or approval of Required Lenders or all or any Lenders. In addition, the Defaulting Lender shall indemnify, defend and hold the Agent and each of the other Lender Parties harmless from and against any and all liabilities, cost and expenses, plus interest thereon at the Post-Default Rate, which they may sustain or incur by reason of or as a direct consequence of the Defaulting Lender's failure or refusal to abide by its obligations under this Agreement.

9.10.3. The Agent shall promptly notify the Lenders by telex or telecopy (or telephone, in the case of notice contemplated by Section 2.4.) of each interest period chosen by the Borrower, the LIBO Rate for each interest period (and the relevant interest rate), the date of any expected payment and all other material notices transmitted by the Borrower.

SECTION 9.11. OBLIGATIONS OF LENDER PARTIES SEVERAL; ENFORCEMENT BY THE AGENT.

9.11.1. Each Lender Party's obligations hereunder are several, and not joint or joint and several. The failure of any Lender Party to make any Advance or otherwise to perform its obligations hereunder will not increase the obligations of any other Lender Party. Notwithstanding the foregoing, any Lender may assume, but shall have no obligation to any Person to assume, any non-performing Lender's obligation to make an Advance. Nothing contained in this Agreement and no action taken by the Agent or any other Lender Party pursuant to this Agreement shall be deemed to constitute the Agent and any other Lender Party to be a partnership, an association, a joint venture or any other kind of entity.

9.11.2. Each Lender agrees that, except with the prior written consent of the Agent, no Lender Party shall have any right individually to enforce any Loan Document or any provision thereof, or make demand thereunder, it being agreed that such rights and remedies may only be exercised by the Agent for the ratable benefit of the Lenders upon the terms of this Agreement.

SECTION 9.12. REPLY OF LENDERS. Each Lender shall promptly reply to any communication from the Agent to the Lenders requesting the Lenders' determination, consent, approval or disapproval under this Agreement, but in any event no later than ten Business Days (or such other period as may be required under this Agreement to respond) after receipt of the request therefor by the Agent for those matters requiring the consent of the Lenders. Except as otherwise provided in this Agreement, including Section 9.9., if any Lender fails to reply within the applicable time periods, such Lender shall be deemed to have given its consent or approval to the action or actions recommended by the Agent with respect to the matter for which the Agent requested such Lender's determination, consent, approval or disapproval.

ARTICLE 10.

MISCELLANEOUS

SECTION 10.1. EXPENSES; INDEMNITY. The Borrower shall pay on demand:

10.1.1. any and all reasonable attorneys' fees and disbursements (including allocated costs of in-house counsel) and out-of-pocket cost and expenses incurred by the Agent in connection with the development, drafting and negotiation of this Agreement and the other Loan Documents, the administration hereof and thereof (including any amendments), the closing of the transactions contemplated thereby and the syndication of the credit facilities hereunder; and

10.1.2. all costs and expenses (including fees and disbursements of in-house and other attorneys, appraisers and consultants) of the Lender Parties in any workout, restructuring or similar arrangements or, after a Default, in connection with the protection, preservation, exercise or enforcement of any of the terms of the Loan Documents or in connection with any foreclosure, collection or bankruptcy proceedings.

10.1.3. The Borrower shall indemnify, defend and hold harmless each Lender Party and the officers, directors, employees, agents, attorneys, affiliates, successors and assigns of each Lender Party (collectively, the "INDEMNITEES") from and against (a) any and all transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of the Loan Documents or the making of the Advances or the issuance of any Letter of Credit, and (b) any and all liabilities, losses, damages, penalties, judgments, claims, costs and expenses of any kind or nature whatsoever (including reasonable attorneys' fees and disbursements in connection with any actual or threatened investigative, administrative or judicial proceeding, whether or not such Indemnitee shall be designated a party thereto) that may be imposed on, incurred by or asserted against such Indemnitee, in any manner relating to or arising out of the Loan Documents, the Advances, Letters of Credit, the use or intended use of the proceeds of the Advances or Letters of Credit (including the failure of the Agent Bank to honor a drawing as a result of any act or omission, whether rightful or wrongful, of any Governmental Authority) (the "INDEMNIFIED LIABILITIES"); PROVIDED that (i) no Indemnitee shall have the right to be indemnified or held harmless hereunder for its own gross negligence or

willful misconduct, as determined by a final judgment of a court of competent jurisdiction, and (ii) Indemnified Liabilities shall include amounts attributable to the passive or active negligence of any Lender Party.

10.1.4. To the extent that the undertaking to indemnify and hold harmless set forth in Section 10.1.3. may be unenforceable because it is violative of any Applicable Law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities that is permissible under Applicable Law. All Indemnified Liabilities shall be payable on demand.

SECTION 10.2. WAIVERS; MODIFICATIONS IN WRITING.

10.2.1. No amendment of any provision of this Agreement or any other Loan Document (including a waiver thereof or consent relating thereto) shall be effective unless the same shall be in writing and signed by the Agent and the Required Lenders. Notwithstanding the foregoing,

10.2.1.1. no amendment that has the effect of (a) reducing the rate or amount, or extending the stated maturity or due date, of any amount payable by the Borrower to any Lender Party under the Loan Documents, (b) increasing the amount, or extending the stated termination or reduction date, of any Lender's Commitment hereunder or subjecting any Lender Party to any additional obligation to extend credit, (c) altering the rights and obligations of the Borrower to prepay the Advances, (d) releasing any Borrower Party under the Guaranty, (e) changing this Section 10.2. or the definition of the term "Required Lenders," (f) amending the definitions of "Gross Asset Value," "Unencumbered Asset Value" or "Unencumbered Asset," or (g) approving the forgiveness of interest, principal or Fees shall be effective unless the same shall be signed by or on behalf of all of the Lenders;

10.2.1.2. no amendment that has the effect of (a) increasing the duties or obligations of the Agent, (b) increasing the standard of care or performance required on the part of the Agent, or (c) reducing or eliminating the indemnities or immunities to which the Agent is entitled (including any amendment of this Section 10.2.1.2.), shall be effective unless the same shall be signed by or on behalf of the Agent; and.

10.2.1.3. no amendment that has the effect of (a) increasing the duties or obligations of the Agent Bank with respect to Letters of Credit, (b) increasing the standard of care or performance required on the part of the Agent Bank with respect to Letters of Credit, or (c) reducing or eliminating the indemnities or immunities to which the Agent Bank with respect to Letters of Credit is entitled (including any amendment of this Section 10.2.1.3.), shall be effective unless the same shall be signed by or on behalf of the Agent Bank.

10.2.2. Notwithstanding anything to the contrary, (a) the Borrower may, by written notice furnished to the Agent, amend SCHEDULES 1.1C, 5.1., 5.4. and 10.4. to the extent the changes to such Schedules are expressly permissible under this Agreement, and (b) a Guarantor may be released hereunder as specified in the definition of "Unencumbered Asset."

10.2.3. Any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No notice to or demand on any Borrower Party in any case shall entitle such Borrower Party to any other or further notice or demand in similar or other circumstances. Any amendment effected in accordance with this Section 10.2. shall be binding upon each present and future Lender Party and the Borrower.

SECTION 10.3. CUMULATIVE REMEDIES; FAILURE OR DELAY. The rights and remedies provided for under this Agreement are cumulative and are not exclusive of any rights and remedies that may be available to the Lender Parties under Applicable Law or otherwise. No failure or delay on the part of any Lender Party in the exercise of any power, right or remedy under the Loan Documents shall impair such power, right or remedy or operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or remedy preclude other or further exercise thereof or of any other power, right or remedy.

SECTION 10.4. NOTICES, ETC. All notices and other communications under this Agreement shall be in writing and (except for financial statements, other related informational documents and routine communications, which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by prepaid courier, by overnight mail, by overnight, registered or certified mail (postage prepaid), or by prepaid telex, telecopy or telegram, and shall be deemed given when received by the intended recipient thereof. Unless otherwise specified in a notice sent or delivered in accordance with this Section 10.4., all notices and other communications shall be given to the parties hereto at their respective addresses (or to their respective telex or telecopier numbers) indicated on SCHEDULE 1.1B (in the case of the Lender Parties) or 10.4. (in the case of the Borrower Parties).

SECTION 10.5. SUCCESSORS AND ASSIGNS.

10.5.1. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns. The Borrower Parties may not assign or transfer any interest hereunder without the prior written consent of each Lender Party.

10.5.2. Each Lender shall have the right at any time to assign (an "ASSIGNMENT") all or any portion of such Lender's Commitment, Committed Advances or participations in Letters of Credit to one or more banks or other financial institutions each having a combined capital and surplus of at least $100,000,000, a minimum long-term debt rating of "Baa-2" by Moody's and a minimum long-term debt rating of "BBB" by S&P, at the time of such assignment (or participation, as the case may be), and which have not been involved in material litigation with the Agent regarding an assigned, participated, or syndicated credit (an "ELIGIBLE ASSIGNEE"); PROVIDED, HOWEVER, that (a) each Assignment of any Commitment shall be of a portion of the Commitments at least equal to $10,000,000 and, unless otherwise agreed by the Agent, each assignment shall be of a constant, and not a varying, percentage of all of such Lender's rights and obligations under this Agreement and the other Loan Documents; (b) no Assignment (other than an Assignment to a Person that is then a Lender) shall be effective without the consent of the

Agent and the Borrower, which consents shall not be unreasonably withheld or delayed, and which consents will not be required if a Default or Event of Default exists; (c) the parties to the Assignment shall execute and deliver to the Agent an Assignment and Acceptance substantially in the form of EXHIBIT F (an "ASSIGNMENT AND ACCEPTANCE"); and (d) the assignee shall pay to the Agent a processing and recordation fee of $3,000. From and after the date on which the conditions in the foregoing clauses and the Assignment and Acceptance have been satisfied, the assignee shall be a "Lender" hereunder and, to the extent that rights and obligations hereunder have been assigned to it, shall have the rights and obligations (including the obligation to participate in Letters of Credit) of the assigning Lender hereunder, and the assigning Lender shall, to the extent that rights and obligations hereunder have been assigned by it, relinquish its rights and be released from its obligations under this Agreement (and, in the case of an Assignment covering all or the remaining portion of the assigning Lender's rights and obligations under this Agreement, cease to be a party hereto). Notwithstanding anything herein to the contrary, for so long as Wells Fargo Bank, National Association is the Agent under this Agreement the Commitment of Wells Fargo Bank, National Association shall not be less than the Commitment of the Lender having the second largest Commitment.

10.5.3. Each Lender shall have the right at any time to grant or sell participations (each a "PARTICIPATION") in all or any portion of such Lender's Commitment, Advances (including Committed Advances and Bid Advances) or participations in Letters of Credit to one or more Eligible Assignees, subject to the terms and conditions set forth in this Section 10.5.3. If the Lender sells or grants a Participation, (a) such Lender shall make and receive all payments for the account of its participant, (b) such Lender's obligations under this Agreement shall remain unchanged, (c) such Lender shall continue to be the sole holder of the Note or Notes and other Loan Documents subject to the Participation and shall have the sole right to enforce its rights and remedies under the Loan Documents, (d) the Borrower shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents, and (e) the Participation agreement shall not restrict such Lender's ability to agree to any amendment of the terms of the Loan Documents, or to exercise or refrain from exercising any powers or rights that such Lender may have under or in respect of the Loan Documents, shall be limited to the right to consent to any (A) reduction of the rate or amount, or any extension of the stated maturity or due date, of any principal, interest or Fees payable by the Borrower and subject to the Participation or (B) increase in the amount or extension of the stated termination or reduction date of the affected Commitment. A Participant shall have the rights of the Lenders under Sections 2.11. and 2.12., subject to the obligations imposed by such Sections; PROVIDED that amounts payable to any Participant shall not exceed the amounts that would have been payable under such Sections to the Lender granting the Participation, had such Participation not been granted, unless the Participation is made with the prior written consent of the Borrower.

10.5.4. Each Lender may at any time assign or pledge any portion of its rights under the Loan Documents to a Federal Reserve Bank. No such assignment or pledge shall be subject to the provisions of Sections 10.5.2. or 10.5.3.

10.5.5. Subject to the provisions of Section 10.6., each Lender shall have the

right at any time to furnish one or more potential assignees or participants with any information concerning the Borrower and the Consolidated Entities that has been supplied by the Borrower to any Lender Party. The Borrower shall to supply all reasonably requested information and execute and deliver all such instruments and take all such further action (including, in the case of an Assignment, the execution and delivery of replacement Notes) as the Agent may reasonably request in connection with any Assignment or Participation arrangement.

SECTION 10.6. CONFIDENTIALITY. Each Lender Party will maintain any confidential information that it may receive from any Borrower Party pursuant to this Agreement confidential and shall not disclose such information to third parties without the prior consent of the Borrower, except for disclosure: (a) to any other Lender Party or an affiliate of any Lender Party or any officer, director, employee, agent, advisor, legal counsel, accountant or other professional advisor to such Lender Party or affiliate; (b) to regulatory officials having jurisdiction over such Lender Party; (c) as required by Applicable Law or in connection with any legal proceeding; (d) to another Person in connection with a potential Assignment or Participation, PROVIDED such Person shall have agreed in writing to be subject to this Section 10.6.; and (e) of information that has been previously disclosed publicly without breach of this provision.

SECTION 10.7. CHOICE OF FORUM.

10.7.1. All actions or proceedings arising in connection with this Agreement and the other Loan Documents shall be tried and litigated in state or Federal courts located in Los Angeles, County of Los Angeles, State of California, unless such actions or proceedings are required to be brought in another court to obtain subject matter jurisdiction over the matter in controversy. EACH OF THE BORROWER PARTIES AND THE LENDER PARTIES WAIVES ANY RIGHT IT MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS, TO ASSERT THAT IT IS NOT SUBJECT TO THE JURISDICTION OF SUCH COURTS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION.

10.7.2. IN ANY ACTION AGAINST ANY BORROWER PARTY, SERVICE OF PROCESS MAY BE MADE UPON SUCH BORROWER PARTY BY REGISTERED OR CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO ITS ADDRESS INDICATED IN SCHEDULE 10.4., WHICH SERVICE SHALL BE DEEMED SUFFICIENT FOR PERSONAL JURISDICTION AND SHALL BE DEEMED EFFECTIVE 10 DAYS AFTER MAILING.

10.7.3. Nothing contained in this Section 10.7. shall preclude the Lender Parties from bringing any action or proceeding arising out of or relating to this Agreement and the other Loan Documents in the courts of any place where any Borrower Party or any of its assets may be found or located.

SECTION 10.8. CHANGES IN ACCOUNTING PRINCIPLES. Except as otherwise provided herein (including, without limitation, the definition of "Funds from Operations"), if any changes in generally accepted accounting principles from those used in the preparation of the financial

statements referred to in this Agreement hereafter result from by the promulgation of rules, regulations, pronouncements, or opinions of or required by the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto or agencies with similar functions), or there shall occur any change in the Borrower's fiscal or tax years and, as a result of any such changes, there shall result a change in the method of calculating any of the financial covenants, negative covenants, standards or other terms or conditions found in this Agreement, then the parties agree to enter into negotiations in order to amend such provisions so as to equitably reflect such changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such changes as if such changes had not been made.

SECTION 10.9. SURVIVAL OF AGREEMENTS, REPRESENTATIONS AND WARRANTIES. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement, the closing and the extensions of credit hereunder and shall continue until payment and performance of any and all Obligations. Any investigation at any time made by or on behalf of the Lender Parties shall not diminish the right of the Lender Parties to rely thereon.

SECTION 10.10. EXECUTION IN COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

SECTION 10.11. COMPLETE AGREEMENT. This Agreement, together with the Exhibits and Schedules hereto, and the other Loan Documents is intended by the parties as the final expression of their agreement regarding the subject matter hereof and as a complete and exclusive statement of the terms and conditions of such agreement.

SECTION 10.12. LIMITATION OF LIABILITY.

10.12.1. No claim shall be made by any Borrower Party against any Lender Party or the Affiliates, directors, officers, employees, attorneys or agents of any Lender Party for any special, indirect, consequential or punitive damages in respect of any claim for breach of contract or under any other theory of liability arising out of or related to the transactions contemplated by this Agreement or the other Loan Documents, or any act, omission or event occurring in connection therewith; and each Borrower Party hereby waives, releases and agrees not to sue upon any claim for any such damages, whether or not accrued and whether or not known or suspected to exist in its favor.

10.12.2. Except as otherwise provided in Section 10.12.3., neither the REIT nor any officer, employee, servant, controlling person, executive, director, agent or authorized representative thereof (herein referred to as "OPERATIVES") shall be liable personally for the Obligations. The sole recourse of any Lender Party for satisfaction of the Obligations shall be to the Borrower, and each Guarantor of which the REIT is not a general partner, as an entity, and to the Borrower's and each Guarantor's assets, and not to any assets of the REIT or its Operatives. In the event that an Event of Default occurs in connection with the Obligations, no action shall be

brought against the REIT or its Operatives.

10.12.3. Notwithstanding anything in Section 10.12.2. to the contrary, (a) nothing herein shall limit or otherwise prejudice in any way the right of any Lender Party to proceed against (i) the Borrower, or any Guarantor of which the REIT is not a general partner, with respect to the enforcement of any Obligations or the liability of the Borrower or such Guarantor for such Obligations, or (ii) the assets of any Guarantor with respect to the enforcement of any Obligations, (b) nothing herein shall limit or otherwise prejudice in any way the right of any Lender Party to proceed against the REIT with respect to any breach of its representations, warranties, covenants and obligations in this Agreement or its liability for any violation of such provisions, and (c) Section 10.12.2. shall not apply to, or constitute a waiver of any claim by any Lender Party for fraud, deceit, intentional or willful misrepresentation or bad faith waste. It is expressly agreed that any Lender Party shall have full recourse against the REIT and its Operatives for any matters referred to in clause (c) of this section.

SECTION 10.13. UNSECURED ADVANCES; NO LIEN. The Advances and Letters of Credit contemplated in this Agreement are unsecured loans and extensions of credit and no Lien is intended to be created upon the Unencumbered Assets or any other property of the REIT or any Consolidated Entity by any provision in this Agreement or the other Loan Documents.

SECTION 10.14. AMENDMENT AND RESTATEMENT. On the Closing Date, (a) this Agreement shall supersede the Existing Credit Agreement insofar as the two are inconsistent, (b) all Existing Committed Advances will be considered "Committed Advances" outstanding under this Agreement and (c) all outstanding Existing Letter of Credit will be considered "Committed Advances" and a "Letter of Credit" outstanding under this Agreement. However, the execution and delivery of this Agreement shall not excuse, or constitute a waiver of, any defaults under the Existing Credit Agreement, it being understood that this Agreement is not a termination of the Existing Credit Agreement, but is a modification (and, as modified, a continuation) of the Existing Credit Agreement.

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SECTION 10.15. WAIVER OF TRIAL BY JURY. EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (a) ARISING UNDER THE LOAN DOCUMENTS, INCLUDING ANY PRESENT OR FUTURE AMENDMENT THEREOF OR (b) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES OR ANY OF THEM WITH RESPECT TO THE LOAN DOCUMENTS (AS NOW OR HEREAFTER AMENDED) OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION IS NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT OR TORT OR OTHERWISE AND REGARDLESS OF WHICH PARTY ASSERTS SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES TO THE WAIVER OF ANY RIGHT THEY MIGHT OTHERWISE HAVE TO TRIAL BY JURY.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first set forth above.

BORROWER:

THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership

By: THE MACERICH COMPANY, a Maryland corporation, the Sole General Partner

By: /s/ Thomas E. O'Hern

Senior Vice President, Chief Financial Officer and Treasurer

INITIAL GUARANTORS:

MACERICH BRISTOL ASSOCIATES, a California general partnership

By: THE MACERICH COMPANY, a Maryland corporation, a General Partner

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

By: THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership, a General Partner

By: THE MACERICH COMPANY, a Maryland corporation, the Sole General Partner

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

MACERICH BUENAVENTURA LIMITED PARTNERSHIP, a California limited partnership

BY: MACERICH BUENAVENTURA GP CORP., a Delaware corporation, the Sole General Partner

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

MACERICH HUNTINGTON LIMITED PARTNERSHIP, a California limited partnership

BY: MACERICH HUNTINGTON GP CORP., a Delaware corporation, the Sole General Partner

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

MACERICH STONEWOOD LIMITED PARTNERSHIP, a California limited partnership

BY: MACERICH STONEWOOD GP CORP., a Delaware corporation, the Sole General Partner

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

REIT:

THE MACERICH COMPANY, a Maryland corporation

By: /s/ Thomas E. O'Hern

Name: Thomas E. O'Hern
Title: Senior Vice President, Chief Financial Officer and Treasurer

AGENT:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Agent

By: /s/ Wayne H. Choi

Name: Wayne H. Choi
Title: Assistant Vice President

LENDERS:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: /s/ Wayne H. Choi

Name: Wayne H. Choi
Title: Assistant Vice President

NATIONSBANK, N.A.

By: /s/ Laurence C. Hughes

Name: Laurence C. Hughes
Title: Vice President

CREDIT LYONNAIS, NEW YORK BRANCH

By: /s/ Bruce F. Evans

Name: Bruce F. Evans
Title: Vice President

FLEET NATIONAL BANK

By: /s/ Margaret Mulcahy

Name: Margaret Mulcahy
Title: Senior Vice President

Exhibit 21.1

LIST OF SUBSIDIARIES

THE MACERICH PARTNERSHIP, L.P., a Delaware limited partnership

LAKEWOOD MALL BUSINESS COMPANY, a Delaware business trust

LAKEWOOD MALL FINANCE COMPANY, a Delaware corporation

MACERICH BRISTOL ASSOCIATES, a California general partnership

MACERICH BUENAVENTURA LIMITED PARTNERSHIP, a California limited partnership

MACERICH BUENAVENTURA GP CORP., a Delaware corporation

MACERICH CARMEL GP CORP, a Delaware corporation

MACERICH CARMEL LIMITED PARTNERSHIP, a California limited partnership

MACERICH CITADEL LIMITED PARTNERSHIP, a California limited partnership

MACERICH CITADEL GP CORP., a Delaware corporation

MACERICH CM VILLAGE GP CORP, a Delaware corporation

MACERICH CM VILLAGE LIMITED PARTNERSHIP, a California limited partnership

MACERICH CORTE MADERA GP CORP, a Delaware corporation

MACERICH CORTE MADERA LIMITED PARTNERSHIP, a California limited partnership

MACERICH EQ LIMITED PARTNERSHIP, a California limited partnership

MACERICH EQ GP CORP., a Delaware corporation

MACERICH FARGO ASSOCIATES, a California general partnership

MACERICH FAYETTEVILLE GP CORP, a Delaware corporation

MACERICH FAYETTEVILLE LIMITED PARTNERSHIP, a California limited partnership

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

MACERICH LUBBOCK GP CORP, a Delaware corporation

MACERICH LUBBOCK LIMITED PARTNERSHIP, a California limited partnership

MACERICH MANAGEMENT COMPANY, a California corporation

MACERICH MANHATTAN LIMITED PARTNERSHIP, a California limited partnership

MACERICH MANHATTAN GP CORP., a Delaware corporation

MACERICH MANHATTAN MANAGEMENT COMPANY, a California corporation

MACERICH MARINA LIMITED PARTNERSHIP, a California limited partnership

MACERICH MARINA GP CORP., a Delaware corporation

MACERICH NORTHWESTERN ASSOCIATES, a California general partnership

MACERICH OKLAHOMA LIMITED PARTNERSHIP, a California limited partnership

MACERICH OKLAHOMA GP CORP., a Delaware corporation

MACERICH PPR CORP, a Maryland corporation

MACERICH PROPERTY EQ GP CORP., a Delaware corporation

MACERICH PROPERTY MANAGEMENT COMPANY, a California corporation

MACERICH QUEENS ADJACENT GP CORP., a Delaware corporation

MACERICH QUEENS ADJACENT GUARANTY G.P. CORP., a Delaware corporation

MACERICH QUEENS ADJACENT LIMITED PARTNERSHIP, a California limited partnership

MACERICH QUEENS LIMITED PARTNERSHIP, a California limited partnership

MACERICH QUEENS FUNDING CORP., a Delaware corporation

MACERICH QUEENS GP CORP., a Delaware corporation

MACERICH RIMROCK GP CORP., a Delaware corporation

MACERICH RIMROCK LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG FUNDING GP CORP., a Delaware corporation

MACERICH SCG FUNDING LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG GP CORP., a Delaware corporation

MACERICH SCG HOLDING LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG LIMITED PARTNERSHIP, a California limited partnership

MACERICH SASSAFRAS GP CORP., a Delaware corporation

MACERICH SASSAFRAS LIMITED PARTNERSHIP, a California limited partnership

MACERICH SOUTH TOWNE GP CORP., a Delaware corporation

MACERICH SOUTH TOWNE LIMITED PARTNERSHIP, a California limited partnership

MACERICH ST MARKETPLACE GP CORP., a Delaware corporation

MACERICH ST MARKETPLACE LIMITED PARTNERSHIP, a California limited partnership

MACERICH STONEWOOD GP CORP., a Delaware corporation

MACERICH STONEWOOD LIMITED PARTNERSHIP, a California limited partnership

MACERICH VALLEY VIEW ADJACENT GP CORP., a Delaware corporation

MACERICH VALLEY VIEW ADJACENT LIMITED PARTNERSHIP, a California limited partnership

MACERICH VALLEY VIEW GP CORP., a Delaware corporation

MACERICH VALLEY VIEW LIMITED PARTNERSHIP, a California limited partnership

MACERICH VINTAGE FAIRE GP CORP., a Delaware corporation

MACERICH VINTAGE FAIRE LIMITED PARTNERSHIP, a California limited partnership

MACERICH WESTSIDE ADJACENT GP CORP, a Delaware corporation

MACERICH WESTSIDE ADJACENT LIMITED PARTNERSHIP, a California limited partnership

MACERICH WESTSIDE GP CORP, a Delaware corporation

MACERICH WESTSIDE LIMITED PARTNERSHIP, a California limited partnership

MANHATTAN VILLAGE LLC, a California limited liability company

NORTHGATE MALL ASSOCIATES, a California general partnership

NORTH VALLEY PLAZA ASSOCIATES, a California general partnership

PACIFIC PREMIER RETAIL TRUST, a Maryland real estate investment trust

PANORAMA CITY ASSOCIATES, a California general partnership

PPR ALBANY PLAZA LLC, a Delaware limited liability company

PPR CASCADE LLC, a Delaware limited liability company

PPR CREEKSIDE CROSSING LLC, a Delaware limited liability company

PPR CROSS COURT LLC, a Delaware limited liability company

PPR EASTLAND PLAZA LLC, a Delaware limited liability company

PPR KITSAP MALL LLC, a Delaware limited liability company

PPR KITSAP PLACE LLC, a Delaware limited liability company

PPR NORTH POINT LLC, a Delaware limited liability company

PPR REDMOND DEVELOPMENT LLC, a Delaware limited liability company

PPR REDMOND OFFICE LLC, a Delaware limited liability company

PPR REDMOND RETAIL LLC, a Delaware limited liability company

PPR SQUARE TOO LLC, a Delaware limited liability company

PPR WASHINGTON SQUARE LLC, a Delaware limited liability company

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 17, 1999, on our audits of the consolidated financial statements and financial statement schedule of The Macerich Company as of December 31, 1998 and 1997 and for the years ended December 31, 1998, 1997 and 1996, which report is included in the Annual Report on Form 10-K.

PricewaterhouseCoopers LLP
Los Angeles, California
March 29, 1999

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITORS

The Partners
SDG Macerich Properties, L.P.
and
The Board of Directors
The Macerich Company

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 February 11, 1999, relating to the balance sheet of SDG Macerich Properties, L.P. as of December 31, 1998 and the related consolidated statements of operations, cash flows, and partners' equity for the year then ended, and the related schedule, which report appears in the December 31, 1998 Annual Report on Form 10-K of The Macerich Company.

KPMG LLP
Indianapolis, Indiana
March 23, 1999

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF OPERATIONS FOUND ON PAGES 40 AND 41 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-31-1998
DEC-31-1998
25,143
0
37,373
0
0
0
2,213,125
(246,280)
2,322,056
30,654
1,507,118
91
0
338
576,984
2,322,056
0
283,861
0
94,364
63,101
0
91,433
0
0
34,963
0
(2,435)
0
32,528
$1.06
$1.06