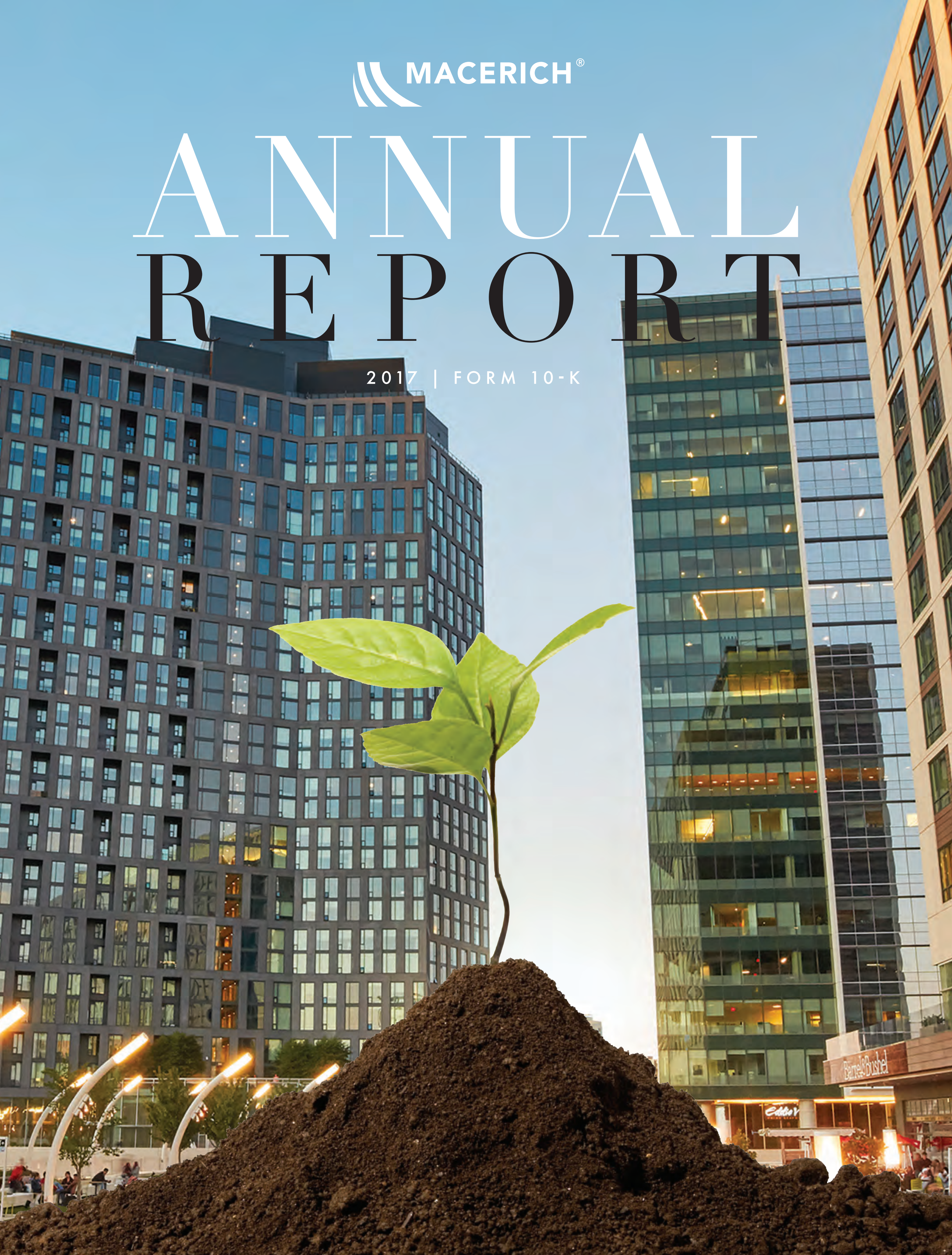
MACERICH®

ANNUAL REPORT

2017 | FORM 10-K



FINANCIAL HIGHLIGHTS

All amounts in thousands, except for share data and per square foot amounts.

Operating Data	2017	2016	2015	2014	2013
Total Revenues	$993,662	$1,041,271	$1,288,149	$1,105,247	$1,029,475
Shopping center and operating expenses	$295,190	$307,623	$379,815	$353,505	$329,795
Management companies' operating expenses	$100,121	$98,323	$92,340	$88,424	$93,461
REIT general and administrative expenses	$28,240	$28,217	$29,870	$29,412	$27,772
Gain (loss) on remeasurement, sale or write down of assets, net	$42,446	$415,348	$400,337	$1,496,576	($26,852)
Net income attributable to the Company	$146,130	$516,995	$487,562	$1,499,042	$420,090
Net income per share attributable to common stockholders - diluted	$1.02	$3.52	$3.08	$10.45	$3.00
Other Data	**2017**	**2016**	**2015**	**2014**	**2013**
Regional shopping centers portfolio occupancy	95.0%	95.4%	96.1%	95.8%	94.6%
Regional shopping centers portfolio sales per square foot	$660	$630	$635	$587	$562
Distributions declared per common share	$2.87	$2.75	$6.63	$2.51	$2.36
Balance Sheet Data	**2017**	**2016**	**2015**	**2014**	**2013**
Investment in real estate (before accumulated depreciation)	$9,127,533	$9,209,211	$10,689,656	$12,777,882	$9,181,338
Total assets	$9,605,862	$9,958,148	$11,235,584	$13,094,948	$9,038,972
Total mortgage and notes payable	$5,170,264	$4,965,900	$5,260,750	$6,265,570	$4,546,449
Equity	$3,967,999	$4,427,168	$5,071,239	$6,039,849	$3,718,717
Common shares outstanding	140,993,985	143,985,036	154,404,986	158,201,996	140,733,683

See "Item 6 - Selected Financial Data" in our Form 10-K included herein for additional information regarding the data presented in this table. See our Company's forward-looking statements disclosure under "Important Factors Related to Forward-Looking Statements" in our Form 10-K included herein.

DEAR FELLOW STOCKHOLDERS:

At Macerich, we see green shoots in many places around our world and across our portfolio. This new growth speaks to the natural pattern of successfully shaping and re-shaping our business for a retail landscape that is always changing.

When I wrote to you last year, it was against a backdrop of public commentary and media speculation regarding the future of legacy retailers, with some of the most well-known specialty stores adjusting their store fleet sizes. While store closings may have come as a surprise to many consumers, our team at Macerich has been planning for this transition for many years and deliberately executing a strategy to cultivate digitally native vertically integrated brands and other experiential, high-traffic concepts that will continue to position our properties for years to come.

In our vibrant, densely populated U.S. gateway markets, Macerich's centers are the town squares and downtowns that people and brands seek out, and these top-quality properties remain in high demand. As retail has transformed, Macerich has consistently been ahead of the curve.

By any measure, we delivered solid operational results in 2017. Our average tenant sales increased from $630 per square foot to $660, and our re-leasing spreads increased by more than 15%. We raised our average base rent in our portfolio by 3.8%, and same-center Net Operating Income (NOI) increased by more than 2.7% for the year, in spite of store closure headlines. Our top 10 centers exceeded sales per square foot of $1,000 and represent approximately 31% of our NOI.

Our continued strong performance – along with our clearly articulated vision for the future – underscore that the predictions of the "death of the regional mall" are ill-informed. Macerich has a portfolio of crown jewel properties that have been reimagined for the future, positioning the Company for long-term growth and success.

We are excited about recent developments and trends that validate the steps we have taken, and we are pleased about the many opportunities we see for Macerich to deliver compelling value to our retail partners, to consumers, and most of all, to our valued stockholders.

DIGITALLY NATIVE VERTICALLY INTEGRATED BRANDS (DNVB)

Green Shoots in Retail

Macerich is emerging as a leader in developing digitally native vertically integrated brands, the fastest-growing digital commerce channel that exists. Those who follow our earnings calls know that we are committed to becoming a landlord/partner of choice for the list of great, up-and-coming DNVBs looking for top-quality properties. For those who have heard us speak on this topic, you know that we refer to the DNVBs being in the "top of the first inning" of their economic life. It is certainly true that some legacy retailers are in the later stages of their economic life, but the DNVBs have only scratched the surface.

Many ask how big is the opportunity with DNVBs? The DNVB founders we have met with over the past year have universally shared that off-line retailing is the key to their future. DNVBs find that as their online sales grow, their cost of customer acquisition (CAC), conversion rates, and customer lifetime value (LTV) all experience margin pressure. While starting online (i.e., being digitally native) creates a tremendous opportunity for these companies to learn about their customers, they have found that opening offline stores is the best way to reach their full potential. When they open stores, their CACs go down, conversion rates go up, returns of merchandise go down, and LTV of the customer relationship goes up. The results are compelling, and we are beginning to see the flow-through to Macerich's operating results.

Broadly, DNVBs are extremely strong at identifying a category to disrupt, knowing their customer (through their online relationship) and controlling a well-thought-out vertical supply chain. This is very attractive to Macerich as a landlord. It's not surprising that some of them need help with logistics. We are experts at successfully opening stores and many new brands turn to us for this singular knowledge.

To systematize the value we bring, we are developing a store as a service ("SAS") platform to guide these landlord-tenant relationships. This SAS mentality and platform will help make the transition from online to offline as seamless and productive as possible. We are streamlining our lease documents, providing entitlement assistance, helping with store construction, providing flexible lease terms and sharing data as part of the early days of creating this SAS platform. In addition, we are experimenting with a modular store design that will enable us to literally change the configuration and size of a retail store overnight. We think this modularity will be extremely attractive and offer the flexibility that young DNVBs need as they develop their stores for optimal performance.

We are also investing significantly in data. We recently installed smart cameras in our top 20 properties to help us better measure shopper behaviors, which guide us in enhancing their experience. This also allows us to share important data with retailers. Data is the key to today's successful merchants — and we are finding innovative ways to assist retailers in this promising area.

While DNVBs are still emerging, we have found that they often generate sales productivity that is roughly double the average sales per foot of our centers. Of course, not all of them will generate those numbers right away, but we have seen an auspicious start to this new era. A key to our success in this arena will be refining an appropriate rent-sharing model between Macerich and our retail partners.

Our understanding of the business model of DNVBs is essential to arriving at an appropriate revenue share. Spending time with the founders of DNVBs and diving deep into their business plans and models build our expertise and capabilities to make the most of this burgeoning set of opportunities. We are able to do this because we are willing to make a modest capital investment into brands that we love and that we feel we can help grow. I currently spend considerable time immersed with the DNVBs as I consider them to be the future of many of our retail locations.

LOS CERRITOS CENTER, CERRITOS, CA

Another way we are partnering with emerging brands and companies is through the Fifth Wall alliance. Two years ago, we invested with a number of other key real estate leaders as an anchor LP in the Fifth Wall Real Estate Fund — a $212 million venture capital fund designed to invest in tech companies with businesses that can be enhanced through physical deployment in the anchor LP portfolios. This has been a tremendous resource for Macerich and was directly responsible for our relationship with Industrious, the second-largest U.S. coworking company. Fifth Wall is now embarking on a new retail fund directed at investing into DNVBs. This fund has already sourced many new opportunities with DNVBs and we look forward to seeing the benefits of this initiative continue to emerge over the next several years.

With our vision for where retail is headed, we have executed a comprehensive strategy and created a platform of properties that is well positioned to thrive in the future, with Macerich's portfolio offering:

- the highest density of population in our primary trade area of any other U.S. landlord;
- strong concentration of properties in markets with high millennial demographics; and
- the best major retail properties in key gateway cities across the U.S.

Over the past year Macerich has thoroughly researched more than 400 DNVBs to determine which would be most attractive as additions to our merchandise mix. We are supporting select DNVBs with targeted resources and expertise, including these 50+ names:

ADORE ME · allbirds · amazon books · AMOUR VERT · AYR · b8ta
BEAUTYCON · THE BLK TUX · blue nile · BOLL & BRANCH · BONOBOS · BRIT+CO
BUCK MASON · CARBON38 · Casper · CHAN LUU · CHARLES TYRWHITT · chubbies
cotopaxi · CUYANA · DANIEL WELLINGTON · dyson · e.l.f. · ELOQUII
EVERLANE · FABLETICS · FOXTROT COLLECTION · Glossier. · INDOCHINO · 1/D
KENDRA SCOTT · MADISON REED · Marine Layer · M.GEMI · MINISTRY OF SUPPLY · monica + andy
MORPHE · NYX PROFESSIONAL MAKEUP · Outdoor Voices · PARACHUTE · PELOTON · Reformation
REVOLVE · Saje NATURAL WELLNESS · STANCE · TAFT · TheRealReal · Tommy John
TUFT & NEEDLE · UNTUCKit · WARBY PARKER

MORE MILESTONES & ACCOMPLISHMENTS IN 2017

We realized many significant achievements in 2017, from sales productivity and occupancy to re-leasing spreads and more, during this productive year.

LEASING AND OCCUPANCY

Macerich completed 3.3 million square feet of new leases in 2017 at re-leasing spreads, as noted, of 15.2%. Average base rents ended the year at $56.97 per square foot, up 3.8% from 2016. Portfolio occupancy was a strong 95% for the year – well in excess of national averages for regional malls.

Major leasing highlights included the commitment of Nordstrom to join other top retailers at the iconic Country Club Plaza in Kansas City, and attracting Life Time Athletics to Biltmore Fashion Park and Broadway Plaza, where the brand will open new, high-end lifestyle wellness centers. At Kings Plaza, our well-situated property in Brooklyn, we completed deals with Primark, JCPenney, Zara and Burlington to occupy and redefine the 300,000 square-foot box previously anchored by Sears. At Santa Monica Place, experiential attractions continue to add excitement and appeal, with The Cayton Children's Museum by ShareWell (currently operating as the Zimmer Children's Museum) planning to open on the 3rd level in fall 2018, with visitor counts expected to exceed 400,000 per year. This hands-on museum builds on the excitement of Candytopia at Santa Monica Place, a limited-engagement "art-meets-retail" experience that is currently generating tremendous traffic and attention for the property. In fact, we see high-experience concepts of all kinds as an exciting area of growth for the portfolio.

COUNTRY CLUB PLAZA, KANSAS CITY, MO

SALES PERFORMANCE AND NOI

As noted, our top 10 centers exceeded sales per square foot of $1,000 and represent 31% of our NOI. In 2017 simple square footage sales per foot for our top 40 centers comprising 94.8% of our NOI were up 5% to $684 from $652. A more important measure of sales productivity is economic sales per square foot, which factors in the NOIs of the respective centers. We pioneered this metric five years ago and our peers are now all following suit. Our economic sales per square foot for our top 40 centers was $783 per square foot, up 7.1% from $731 YE 2016.

Overall, Macerich's SSNOI for 2017 was a sector-leading 2.7% in spite of record bankruptcies during the year.

Another notable performance highlight, Broadway Plaza finished its first full year following major expansion with sales per square foot of $1,326, up from $726 per square foot pre-expansion.

SHAPING THE PORTFOLIO

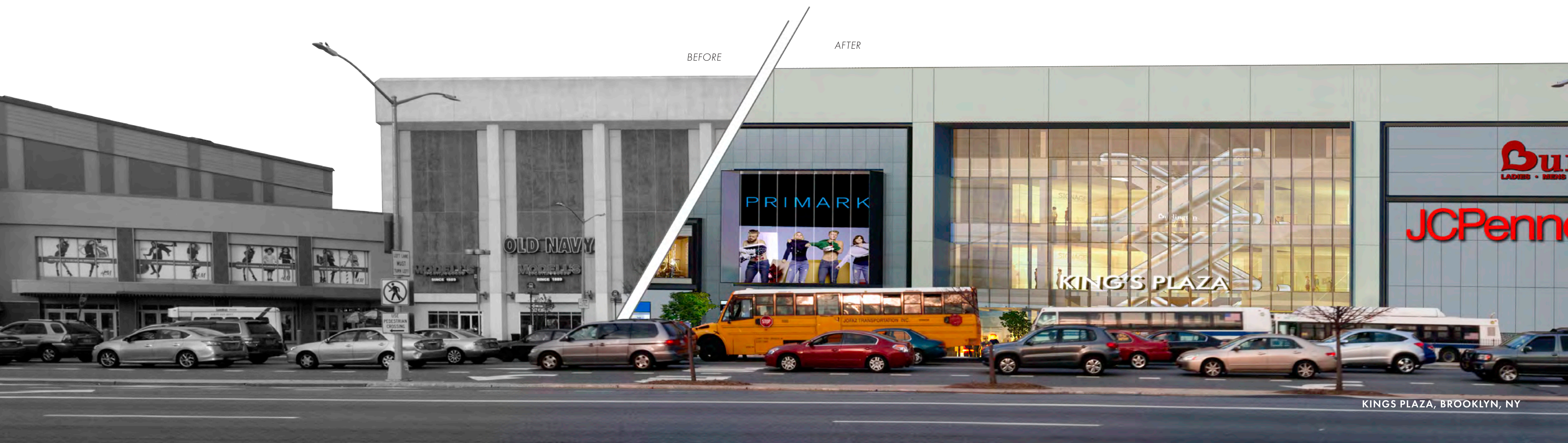
Macerich began an exciting 25-75% joint venture with Hudson Pacific Properties to redevelop Westside Pavilion into a mixed-use project with creative office occupying the majority of the space. We see this alliance as a tool to bring this use to more of our major properties in key markets in the future.

As well, we have identified alternative uses and/or densification opportunities at virtually all of the anchor locations we expect to recycle.

During the year, we continued the strategic pruning of our portfolio of non-core assets with the sale of Northgate Mall and Cascade Mall along with the sale of office buildings at 500 North Michigan Avenue, Country Club Plaza and Fashion District Philadelphia. Including 21 major non-core retail dispositions, Macerich generated proceeds of over $1.8 billion in the past five years with proceeds used to repurchase stock and to be redeployed into our core portfolio.

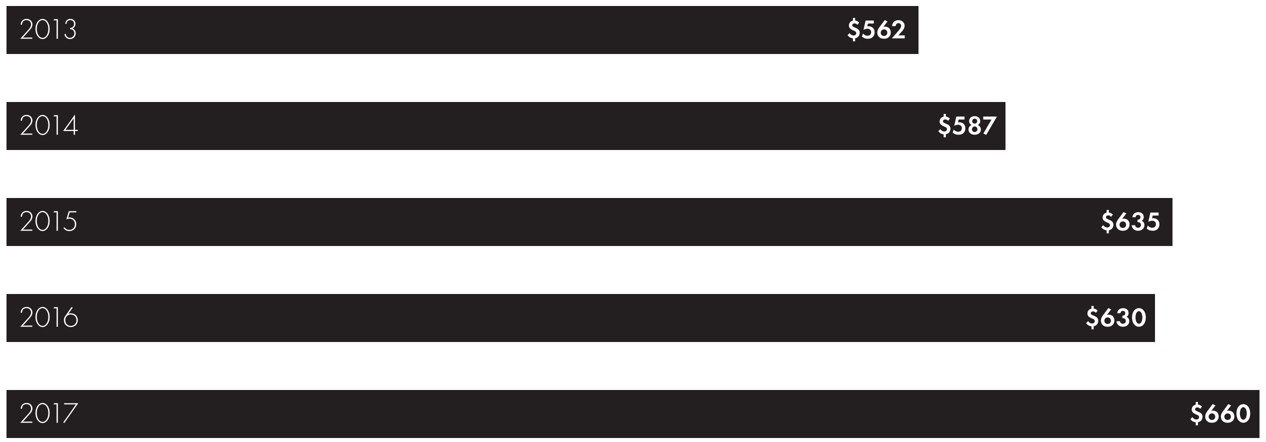
BALANCE SHEET

Macerich continued to strengthen our balance sheet with over $1.1 billion of refinancings completed in 2017. Year-end debt-to-market capitalization was 43.6%. We have lengthened our debt maturity schedule to over six years with interest rate coverage of 3.3 times. We recently completed a new $450 million loan on Broadway Plaza with a term of 12 years and a rate of 4.18%. We have no remaining debt maturities through the end of 2018.



KINGS PLAZA, BROOKLYN, NY

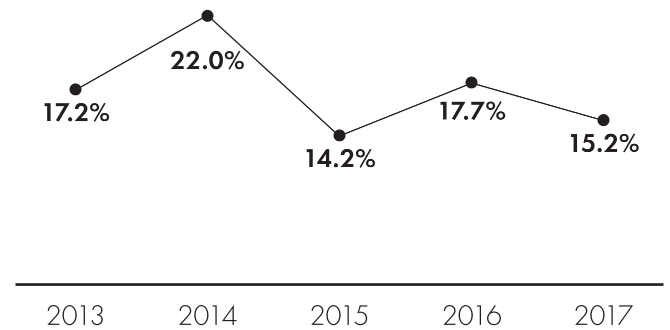
SALES PER SQUARE FOOT



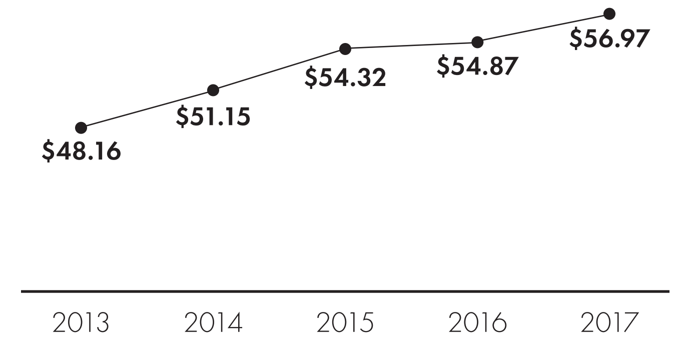
PERCENT OF PORTFOLIO NET OPERATING INCOME

FROM TOP 40 REGIONAL SHOPPING CENTERS

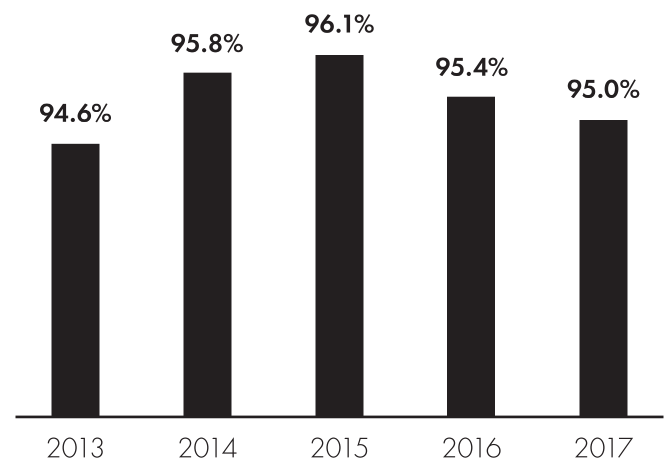
RE-LEASING SPREADS %



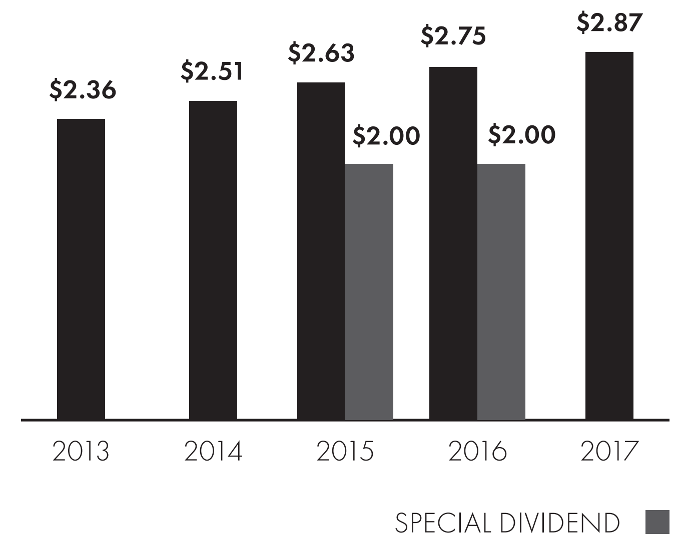
AVERAGE BASE RENT



OCCUPANCY AT YEAR-END



DIVIDENDS PAID



FASHION OUTLETS OF CHICAGO, CHICAGO, IL

Green Shoots in Sustainability (LESS IS MORE)

For Macerich, the idea of green shoots also marks the 10th anniversary of our industry-leading sustainability efforts.

Our award-winning, fully integrated sustainability efforts continue to set us apart from our peers. This foundational value for Macerich grew from a seed of an idea – planted over 10 years ago – when Macerich made it a strategic priority to become more environmentally involved as an organization.

We realized early that sustainability must be at the core of our mission and culture, both because it is the right thing to do, and because it drives better operating results for Macerich as a company. Because of this corporate commitment, we have been acknowledged by many influential organizations as a business leader in caring for the environment.

Macerich has earned NAREIT's prestigious retail "Leader in the Light" award every year from 2014-2017. For the third straight year in 2017 Macerich achieved the #1 GRESB ranking in the North American Retail Sector. And, for the third consecutive year, Macerich is part of the Environmental Protection Agency's Green Power Partnership List of Top 30 On-site Generation companies.

Partnering with meaningful environmental nonprofits is an important way Macerich grows its impact as a leader in sustainability. One key partner is L.A.-based TreePeople, which aims to transform Los Angeles into a climate-ready, water-secure model for the future that works equitably to protect people and the planet. At TreePeople's 30th anniversary gala in 2017, Macerich and our senior executives received the organization's prestigious Evergreen Award for Visionary Leadership.

Macerich's true commitment to sustainability drives the ecosystem of our people and properties. Our significant achievements over the past 10 years in making our properties more resource-efficient helped Macerich set the sustainability benchmark for our industry.

This strategic commitment to sustainability comprises:

- Environmentally prudent management of our facilities and operations
- Collaboration with tenants, vendors and suppliers to improve our indirect environmental impacts
- Environmental programs and education for employees
- Green investments and sustainable real estate development

We continue to implement processes and capital projects to minimize the risks of the changing global climate. Since launching our formal sustainability effort, Macerich has achieved three of the four original sustainability goals: to reduce greenhouse gas (GHG) emissions, energy use, water consumption, and waste to landfill by 10% by 2020 from 2013 levels.

In 2017 we established more comprehensive and aggressive goals with short-, medium- and long-term aims through 2030. These new goals focus on key pillars of sustainability: environmental stewardship, economic development, and social responsibility.

SANTA MONICA PLACE, SANTA MONICA, CA

OUR FOUR MAIN GOALS ARE:

1. Achieve carbon neutrality by 2030
2. Achieve zero waste in both water and waste by 2025-2030
3. Increase active engagement in sustainability among stakeholders and members of our communities
4. Further integrate sustainability practice principles in corporate and property operations and functions

Our investment in sustainability pays dividends on many levels:

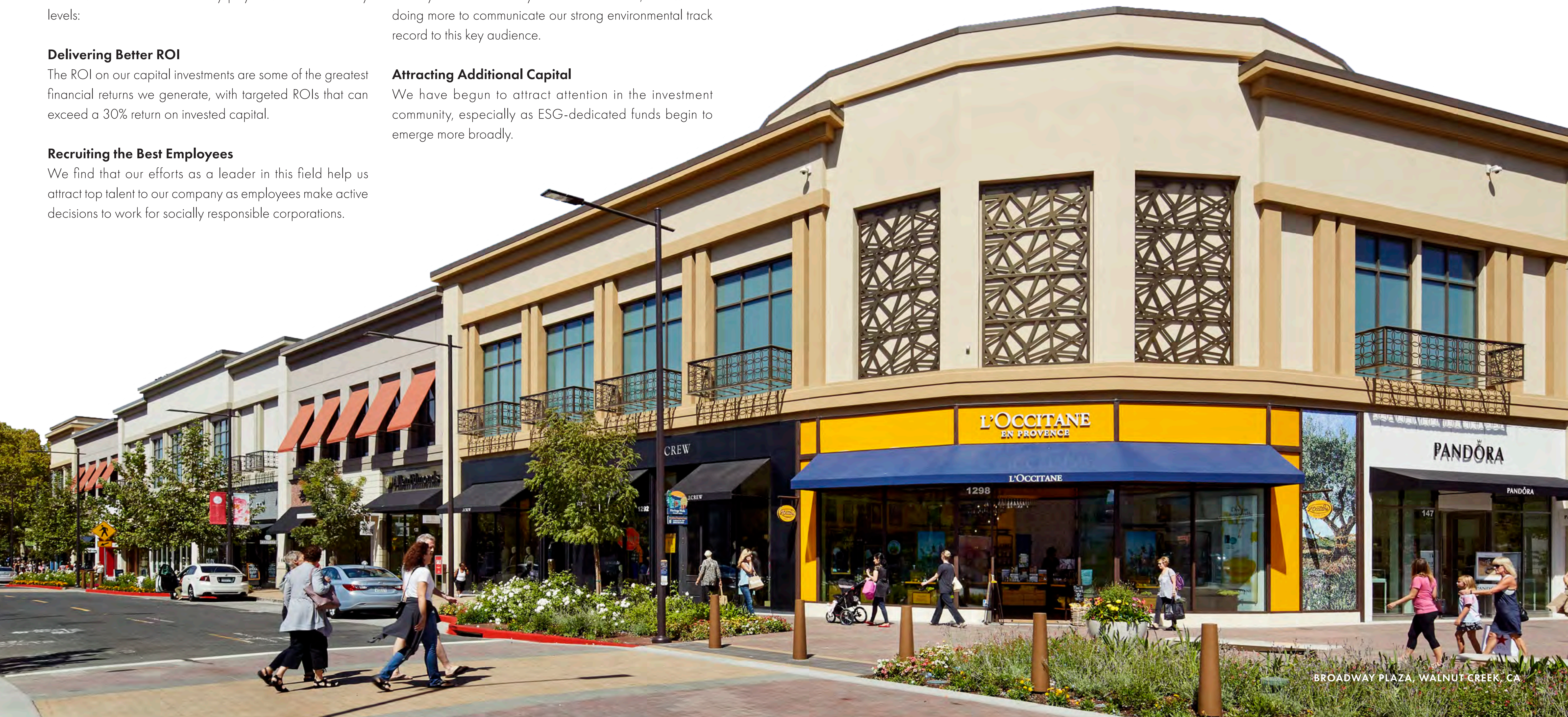
Delivering Better ROI
The ROI on our capital investments are some of the greatest financial returns we generate, with targeted ROIs that can exceed a 30% return on invested capital.

Recruiting the Best Employees
We find that our efforts as a leader in this field help us attract top talent to our company as employees make active decisions to work for socially responsible corporations.

Being a Better Partner for our Retailers
Today's retailers want to do business with environmentally responsible owners. This is especially true among the DNVBs that have become increasingly important to the landscape of our properties and to the shoppers who frequent them.

Appealing to Sophisticated Shoppers
Many people in our environmentally attuned markets prefer socially and sustainability-minded businesses, and we are doing more to communicate our strong environmental track record to this key audience.

Attracting Additional Capital
We have begun to attract attention in the investment community, especially as ESG-dedicated funds begin to emerge more broadly.



BROADWAY PLAZA, WALNUT CREEK, CA

MACERICH IS LEADING THE FUTURE OF RETAIL

We are well aware that negative sentiment regarding retail has caused significant contraction in share prices and multiples of all businesses with a retail foundation. This pain in share price performance is felt keenly by management, our Board, and of course our stockholders. However, I continue to feel strongly about Macerich's positive future. Macerich owns one of the industry's most valuable collections of high-end regional malls located in prime locations in densely populated hub and gateway cities. While we cannot change negative news cycles on our own, we are doing our best to share our highly informed views of the future of retail and lead the way with continued strong operating results.

For some time, we have been speaking frequently about the emergence of DNVBs and their importance in creating new merchants and even more engaged shoppers for our centers. This spring, following the 3rd annual Shoptalk conference, there has been some recognition of the changing of the retail guard. One highly respected sell side analyst recently printed a piece entitled, "From Apocalypse to Renaissance," and numerous industry observers who attended the Shoptalk conference have begun to see the future as we have forecast it.

TYSONS CORNER CENTER, TYSONS CORNER, VA

As we have pointed out in previous stockholder letters, the list of catalysts that have been predicted (incorrectly) to be the death of the regional mall model have famously included: Walmart and category killers, TV home shopping, catalog shopping, E-commerce and Amazon. There is no question that the U.S. is saturated in terms of retail stores and GLA. But as stores right size their fleets and GLA is repurposed, we firmly believe that the industry will emerge stronger. Over 90% of all retail sales are still generated in-store, and our portfolio of top malls represents many of the top 300 regional centers out of a universe of 1,500 regional centers.

We are convinced that retail sentiment ultimately will change toward the positive as events take shape that support the future of retail as we see it.

Management and our Board remain committed to taking all steps necessary to narrow the gap between perception and reality in our business. We are confident in our direction, and we remain open to input from *all* constituents to help us to continue delivering superior total stockholder returns.

To that end, we believe that strong corporate governance is an important driver of success and value creation. Ensuring we maintain governance policies and practices that support our business objectives remained at the forefront of the Board's agenda, and along these lines, we have continued to evolve our multi-year Board refreshment with the recent addition of Peggy Alford, who joined from the Chan Zuckerberg Initiative. Peggy brings strong digital expertise and a track record of driving growth and innovation through data analytics. She is the sixth new director added to the Board since 2013, underscoring our commitment to ensuring we have the right mix of skills, expertise and diversity in the boardroom. Over the past five years we have added or nominated six new directors to the Board. Their guidance, under the leadership of our new Lead Director Steve Hash, remains key to Macerich outperforming and delivering superior results to our stockholders and all of our constituents.

Across our industry's landscape, we see the green shoots of a renaissance in retail that is well informed by our initiatives on a multitude of fronts. We believe Macerich is on the right path with a top-quality portfolio, proven leadership and a clear strategic plan. We are confident that Macerich has a bright future ahead and is well positioned to deliver enhanced stockholder value.

I would like to conclude with a special thank you to departing Macerich Board members Fred Hubbell and John Sullivan. They have both been instrumental in helping Macerich achieve many successes.

I would also like to thank all our employees, retailers, partners, and communities that have helped create the Macerich of today and are helping us achieve our vision for the future.

Finally, I want to thank all of our stakeholders for their support over the past 25 years of my tenure as Macerich's CEO. It has been an incredible journey and, as you can tell from this letter, I see a very bright future for our Company. I recently announced that I will step down as CEO at the end of 2018. Tom O'Hern has been appointed to be my successor as CEO. I am convinced that he is the perfect leader for our Company as we embark on the next chapter.

Sincerely,

Arthur M. Coppola
Chairman and Chief Executive Officer

DIRECTORS

Arthur M. Coppola
Chairman and Chief Executive Officer

Edward C. Coppola
President and Director

John H. Alschuler
Director

Peggy Alford
Director

Steven R. Hash
Director

Diana M. Laing
Director

Mason G. Ross
Director

Steven L. Soboroff
Director

Andrea M. Stephen
Director

John M. Sullivan
Director

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Chairman and Chief Executive Officer

Edward C. Coppola
President and Director

Ann C. Menard
Executive Vice President,
Chief Legal Officer and Secretary

Thomas E. O'Hern
Senior Executive Vice President,
Chief Financial Officer and Treasurer

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Dividend Reinvestment Plan
Stockholders may automatically reinvest their dividends in additional common stock of the Company through the Direct Investment Program, which also provides for purchase by voluntary cash contributions. For additional information, please contact Computershare at 877.373.6374.

Stock Exchange Listing
New York Stock Exchange
Symbol: MAC
The common stock of the Company is listed and traded on the New York Stock Exchange under the symbol "MAC." The common stock began trading on March 10, 1994 at a price of $19 per share. In 2017, the Company's shares traded at a high of $73.34 and a low of $52.12.

As of February 21, 2018, there were 521 stockholders of record. The following table shows high and low sales prices per share of common stock during each quarter in 2016 and 2017 and dividends per share of common stock declared and paid by quarter:

Quarter Ended			
March 31, 2016	$82.88	$72.99	$2.68 (a)
June 30, 2016	$85.39	$71.82	$0.68
September 30, 2016	$94.51	$78.76	$0.68
December 31, 2016	$80.54	$66.00	$0.71
March 31, 2017	$73.34	$64.14	$0.71
June 30, 2017	$67.18	$56.06	$0.71
September 30, 2017	$61.55	$52.12	$0.71
December 31, 2017	$67.53	$52.45	$0.74

(a) Includes a special dividend of $2.00 per common share declared on November 2, 2015 and paid January 6, 2016.

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