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Securities and Exchange Commission
Washington, D.C. 20549
FORM 10-K

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the fiscal year ended December 31, 2004 or

o **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
(State or other jurisdiction of Incorporation or organization)

401 Wilshire Boulevard, Suite 700
Santa Monica, California 90401
(Address of principal executive offices and zip code)

95-4448705
(I.R.S. Employer Identification No.)

Registrant's telephone number, including area code: (310) 394-6000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
Common Stock, $0.01 Par Value
Preferred Share Purchase Rights

Name of each exchange on which registered
New York Stock Exchange
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 ☒ No o.

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. ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes ☒ No o

As of June 30, 2004, the aggregate market value of the 35,577,947 shares of Common Stock held by non-affiliates of the registrant was $1.7 billion based upon the closing price ($47.87) 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 28, 2005, there were 59,370,133 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE
Portions of the proxy statement for the annual stockholders meeting to be held in 2005 are incorporated by reference into Part III.

THE MACERICH COMPANY

Annual Report on Form 10-K

For the Year Ended December 31, 2004

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Part I.

Item 1. Business

General

The Macerich Company (the "Company") is involved in the acquisition, ownership, development, 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"). As of December 31, 2004, the Operating Partnership owned or had an ownership interest in 60 regional shopping centers, 18 community shopping centers and six development/redevelopment properties aggregating approximately 62.5 million square feet of gross leasable area ("GLA"). These 84 regional, community and development 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 management companies, Macerich Property Management Company, LLC, a single-member Delaware limited liability company, Macerich Management Company, a California corporation, Westcor Partners, LLC, a single member Arizona limited liability company, Macerich Westcor Management, LLC, a single member Delaware limited liability company and Westcor Partners of Colorado, LLC, a Colorado limited liability company. The three Westcor management companies are collectively referred to as the "Westcor 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. Acquisitions

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63.3 million and concurrently with the acquisition, the joint venture placed a $54.0 million fixed rate loan on the property. The balance of the Company's pro rata share of the purchase price was funded by cash and borrowings under the Company's line of credit.

On May 11, 2004, the Company acquired an ownership interest in NorthPark Center, a 1.3 million square foot regional mall in Dallas, Texas. The Company's initial investment in the property was $30.0 million which was funded by borrowings under the Company's line of credit. In addition, the Company assumed a pro rata share of debt of $86.6 million and has committed to fund an additional $45.0 million. As of December 31, 2004, the Company's total investment in the joint venture was $49.1 million.

On July 1, 2004, the Company acquired the Mall of Victor Valley in Victorville, California and on July 20, 2004, the Company acquired La Cumbre Plaza in Santa Barbara, California. The Mall of Victor Valley is a 508,000 square foot regional mall and La Cumbre Plaza is a 494,000 square foot regional mall. The combined total purchase price was $151.3 million. The purchase price for the Mall of Victor Valley included the assumption of an existing fixed rate loan of $54.0 million at 5.25% maturing in March, 2008. Concurrent with the closing of La Cumbre Plaza, a $30.0 million floating rate loan was placed on the property with an initial interest rate of 2.29%. The balance of the purchase price was paid in cash and borrowings from the Company's revolving line of credit.

On November 16, 2004, the Company acquired Fiesta Mall, a 1 million square foot super regional mall in Mesa, Arizona. The total purchase price was $135.2 million which was funded by borrowings under the Company's line of credit. On December 2, 2004, the Company placed a ten year $84.0 million fixed rate loan at 4.88% on the property.

On December 23, 2004, the Company announced that it had signed a definitive agreement to acquire Wilmorite Properties, Inc. and Wilmorite Holdings L.P. ("Wilmorite"). The total purchase price will be approximately $2.33 billion, including the assumption of approximately $878 million of existing debt at an average interest rate of 6.43% and the issuance of convertible preferred units and common units totaling an estimated $320 million. Approximately $210 million of the convertible preferred units can be redeemed, subject to certain conditions, for that portion of the Wilmorite portfolio generally located in the greater Rochester area. The balance of the consideration to Wilmorite's equity holders will be paid in cash. This transaction has been approved by each company's Board of Directors, subject to customary closing conditions. A majority-in-interest of the limited partners of Wilmorite Holdings L.P. and of the stockholders of its general partner, Wilmorite Properties, Inc., have also approved this acquisition. It is currently anticipated that this transaction will be completed in April, 2005. Wilmorite's existing portfolio includes interests in 11 regional malls and two open-air community centers, with 13.4 million square feet of space located in Connecticut, New York, New Jersey, Kentucky and Virginia. Approximately 5 million square feet of gross leaseable area is located at three premier regional malls: Tysons Corner Center in McLean, Virginia, Freehold Raceway Mall in Freehold, New Jersey and Danbury Fair Mall in Danbury, Connecticut.

On December 30, 2004, the Company purchased the unaffiliated owners' 50% tenants in common interest in Paradise Village Ground Leases, Village Center, Village Crossroads, Village Fair and Paradise Village Office Park II. All of these assets are located in Phoenix, Arizona. The total purchase price was $50 million which included the assumption of the unaffiliated owners' share of debt of $15.2 million. The balance of the purchase price was paid in cash and borrowings from the Company's line of credit. Accordingly, the Company now owns 100% of these assets.

On January 11, 2005, the Company became a 15% owner in a joint venture that acquired Metrocenter, a 1.4 million square foot super-regional mall in Phoenix, Arizona. The total purchase price was $160 million and concurrently with the acquisition, the joint venture placed a $112 million loan on the property. The Company's share of the purchase price, net of the debt, was $7.2 million which was funded by cash and borrowings under the Company's line of credit.

Effective January 21, 2005, the Company formed a 50/50 joint venture with a private investment company. The joint venture acquired a 49% interest in Kierland Commons, a 320,000 square foot mixed use center in Scottsdale, Arizona. The joint venture's purchase price for the interest in the center was $49.0 million. The Company assumed its share of the underlying property debt and funded the remainder of its share of the purchase price by cash and borrowings under the Company's line of credit.

B. Financing Activity

On February 18, 2004, the Company placed a $79.9 million floating rate loan on the Center at Salisbury. The loan floats at LIBOR plus 1.375% and matures February 20, 2006.

On June 30, 2004, the Company placed a new $85.0 million loan maturing in 2009 on Northridge Mall. The loan floats at LIBOR plus 2.0% for six months and then converts to a fixed rate loan at 4.94%.

On July 19, 2004, the Company placed a new $75.0 million fixed rate loan on Redmond Town Center. The new fixed rate loan bears interest at 4.81%. The proceeds were used to pay off the old $58.4 million loan and a $10.6 million loan at Washington Square. Both loans which were paid off had interest rates of 6.5%.

On July 30, 2004, the Company amended and expanded its revolving line of credit from $425.0 million to $1.0 billion and extended the maturity to July 30, 2007, plus a one year extension. The interest rate was reduced to 1.5% over LIBOR based on the Company's current leverage level.

On October 7, 2004, the Company placed an additional loan for $35.0 million at Washington Square. The loan will mature February 1, 2009 and the interest rate floats at LIBOR plus 2.0%. The proceeds from this loan paid off existing loans at Cascade Mall and Northpoint Plaza totaling $24.0 million at fixed interest rates of 6.5%.

C. Redevelopment and Development Activity

At Queens Center, the multi-phased $275 million redevelopment and expansion had its grand opening the weekend of November 19, 2004. The project increased the size of the center from 620,000 square feet to approximately 1 million square feet.

At Washington Square in suburban Portland, the Company is proceeding with an expansion project which consists of the addition of 80,000 square feet of shop space. The expansion is underway with substantial completion expected in the fourth quarter of 2005.

In Boulder, Colorado, the Company has received final approval from the City of Boulder's Planning Board for its proposal to transform Crossroads Mall into "Twenty Ninth Street"—an open-air retail, entertainment, restaurant and office district. Macerich has reached agreement with anchors, Century Theatres, Home Depot and Wild Oats Market. Wild Oats and Century will join existing anchor Foley's which is the remaining retailer from the original mall. Twenty Ninth Street is expected to represent approximately 816,000 square feet of GLA upon completion of the project.

The development of San Tan Village progresses. The 500 acre master planned Gilbert project will unfold during several phases of development which will be driven by market and retailers' needs. Upon full completion, San Tan Village is expected to represent approximately 3 million square feet of retail space. Phase I, featuring a 29 acre full service power center, will open a Wal-Mart in January 2005, followed by a Sam's Club later in the year. Phase II represents an additional 308,000 square feet of gross leaseable area. Phase II is projected to open September 2005. The regional shopping center component of San Tan Village lies on 120 acres and will represent approximately 1.3 million square feet. Infrastructure improvements are underway. The entertainment district could open as early as 2006 followed by a projected Fall 2007 opening for the majority of the balance of the center.

At NorthPark Center in Dallas, Texas, the joint venture is proceeding with an expansion project which consists of the addition of Nordstrom, AMC Theatres and new specialty retail space which will increase the size of the center from 1.3 million square feet to more than 1.9 million square feet. The project is being built in phases and is being managed by the Company's joint venture partner.

D. Dispositions

On December 16, 2004, the Company sold the Westbar property, a Phoenix area property that consisted of a collection of ground leases, a shopping center, and land for $47.5 million. The sale resulted in a gain on sale of asset of $6.8 million.

The Shopping Center Industry

General

There are several types of retail shopping centers, which are differentiated primarily based on size and marketing strategy. Regional shopping centers generally contain in excess of 400,000 square feet of GLA and 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" or "urban villages" or "specialty 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, often 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.

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 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 majority of the revenues of a Regional Shopping Center.

Business of the Company

The Company has a four-pronged business strategy which focuses on the acquisition, leasing and management, redevelopment and development of Regional Shopping Centers.

Acquisitions. The Company focuses on well-located, quality regional shopping centers that are or can be dominant in their trade area and have strong revenue enhancement potential. The Company subsequently improves operating performance and returns from these properties through leasing, management and redevelopment. Since its initial public offering ("IPO"), the Company has acquired interests in shopping centers nationwide. 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. (See "Recent Developments—Acquisitions").

Leasing and Management. 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, accounting, development, finance, leasing, legal, marketing, property management and redevelopment 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.

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.

Similarly, the Company generally utilizes on-site and regionally located leasing managers 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. The Company continually assesses and fine tunes each Center's tenant mix, identifies and replaces underperforming tenants and seeks to optimize existing tenant sizes and configurations.

On a selective basis, the Company also does property management and leasing for third parties. The Company currently manages four malls for third party owners on a fee basis. In addition, the Company manages eight community centers for a related party. (See—"Item 13—Certain Relationships and Related Transactions").

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 approvals. (See "Recent Developments—Redevelopment and Development Activity").

Development. The Company is pursuing ground-up development projects on a selective basis. The Company believes it can supplement its strong acquisition, operations and redevelopment skills with its ground-up development expertise to further increase growth opportunities. (See "Recent Developments—Redevelopment and Development Activity").

The Centers

As of December 31, 2004, the Centers consist of 60 Regional Shopping Centers, 18 Community Shopping Centers and six development properties aggregating approximately 62.5 million square feet of GLA. The 60 Regional Shopping Centers in the Company's portfolio average approximately 942,388 square feet of GLA and range in size from 2.1 million square feet of GLA at Lakewood Mall to 323,438 square feet of GLA at Panorama Mall. The Company's 18 Community Shopping Centers have an average of 215,170 square feet of GLA. The Centers presently include 254 Anchors totaling approximately 34.2 million square feet of GLA and approximately 8,000 Mall and Freestanding Stores totaling approximately 28.3 million square feet of GLA.

Total consolidated revenues increased to $547.3 million in 2004 from $483.6 million in 2003 primarily due to the 2003 and 2004 acquisitions. Total revenues from joint ventures, at the Company's pro rata share, was $268.6 million in 2004 compared to $242.5 million in 2003. See "Management's Discussion and Analysis of Financial Condition and Results of Operations." No Center generated more than 10% of total shopping center revenues during 2004 and 2003.

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 tables summarize occupancy costs for Mall Store tenants in the Centers as a percentage of total Mall Store sales for the last three years:

Consolidated Centers:	For the years ended December 31, 2002	2003	2004
Minimum rents	8.6%	8.7%	8.3%
Percentage rents	0.3%	0.3%	0.4%
Expense recoveries(1)	3.6%	3.8%	3.7%
Mall tenant occupancy costs	12.5%	12.8%	12.4%

Joint Ventures' Centers:	For the years ended December 31, 2002	2003	2004
Minimum rents	8.1%	8.1%	7.7%
Percentage rents	0.4%	0.4%	0.5%
Expense recoveries(1)	3.2%	3.2%	3.2%
Mall tenant occupancy costs	11.7%	11.7%	11.4%

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

Competition

There are numerous owners and developers of real estate that compete with the Company in its trade areas. There are eight other publicly traded mall companies and several large private 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 or Anchors 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 retail formats and technologies, such as lifestyle centers, power centers, internet shopping and home shopping networks, factory outlet centers, discount shopping clubs and mail-order services that could adversely affect the Company's revenues.

Major Tenants

The Centers derived approximately 93.8% of their total rents for the year ended December 31, 2004 from Mall and Freestanding Stores. One tenant accounted for approximately 3.6% of minimum rents of the Company, and no other single tenant accounted for more than 3.2% as of December 31, 2004.

The following tenants (including their subsidiaries) represent the 10 largest tenants in the Company's portfolio (including joint ventures) based upon minimum rents in place as of December 31, 2004:

Tenant	Primary DBA's	Number of Locations in the Portfolio	% of Total Minimum Rents as of December 31, 2004
Limited Brands, Inc.	Victoria Secret/Bath and Body	172	3.6%
The Gap, Inc.	Gap, Old Navy, Banana Republic	91	3.2%
Cingular Wireless, LLC	Cingular Wireless	22	2.0%
Foot Locker, Inc.	Footlocker/Lady Footlocker	136	2.0%
Luxottica Group, Inc.	Lenscrafters/Sunglass Hut	166	1.6%
Sun Capital Partners, Inc.	Anchor Blue, Mervyn's, Musicland	97	1.6%
J.C. Penney Company, Inc.	J.C. Penney	41	1.3%
Zale Corporation	Zales	92	1.2%
Abercrombie & Fitch	Abercrombie & Fitch	30	0.9%
Federated Department Stores	Macy's/Federated	29	0.8%

(1) Includes Cingular Wireless office headquarters located at Redmond Town Center.

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. Historically, 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. Recently, the Company began entering into leases requiring tenants to pay a stated amount for such operating expenses, generally excluding property taxes, regardless of the expenses the Company actually incurs at any center.

The Company uses tenant spaces of 10,000 square feet and under for comparing rental rate activity. Tenant space of 10,000 square feet and under in the portfolio at December 31, 2004 comprises 69.4% 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 at the consolidated Centers, 10,000 square feet and under, commencing during 2004 was $35.31 per square foot, or 22% higher than the average base rent for all Mall and Freestanding Stores at the consolidated Centers, 10,000 square feet and under, expiring during 2004 of $28.84 per square foot.

The following tables set 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 on a prorata basis:

Consolidated Centers: **December 31,**	**Average Base Rent Per Square Foot(1)**	**Average Base Rent Per Sq. Ft. on Leases Commencing During the Year(2)**	**Average Base Rent Per Sq. Ft. on Leases Expiring During the Year(3)**
2002	$30.90	$40.80	$27.64
2003	$31.71	$36.77	$29.93
2004	$32.60	$35.31	$28.84

Joint Ventures' Centers: **December 31,**	**Average Base Rent Per Square Foot(1)**	**Average Base Rent Per Sq. Ft. on Leases Commencing During the Year(2)**	**Average Base Rent Per Sq. Ft. on Leases Expiring During the Year(3)**
2002	$30.34	$36.43	$25.90
2003	$31.29	$37.00	$27.83
2004	$33.39	$36.86	$29.32

(1) Average base rent per square foot is based on Mall and Freestanding Store GLA for spaces 10,000 square feet and under occupied as of December 31 for each of the Centers owned by the Company in 2002, 2003 and 2004.

(2) The average base rent on lease signings commencing during the year represents the actual rent to be paid on a per square foot basis during the first twelve months. Additionally, lease signings for the expansion area of Queens Center and La Encantada are excluded.

(3) The average base rent per square foot on leases expiring during the year represents the final year minimum rent, on a cash basis, for all tenant leases 10,000 square feet and under expiring during the year.

Bankruptcy and/or Closure of Retail Stores

A decision by an Anchor or a significant tenant to cease operations at a Center could have an adverse effect on the Company's financial condition. 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 or otherwise adversely affect the Company's financial position. 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. In addition, mergers, acquisitions, consolidations or dispositions in the retail industry could result in the loss of

Anchors or tenants at one or more Centers. Certain Anchors or tenants recently have announced pending mergers or have been acquired by another entity. Although such transactions may result in the subsequent closure of some of their stores at the Centers, the Company does not believe that any such closures will have a material adverse impact on its operations. See "—Anchor Table."

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 3.6% of total minimum 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 tables show scheduled lease expirations (for Centers owned as of December 31, 2004 of Mall and Freestanding Stores 10,000 square feet and under for the next ten years, assuming that none of the tenants exercise renewal options:

Consolidated Centers: Year Ending December 31,	**Number of Leases Expiring**	**Approximate GLA of Expiring Leases(1)**	**Leased GLA Represented by Expiring Leases(2)**	**Base Rent per Square Foot of Expiring Leases(1)**
2005	453	942,773	13.37%	$30.71
2006	365	821,544	11.65%	$29.94
2007	341	747,748	10.60%	$30.96
2008	311	623,795	8.84%	$35.56
2009	291	618,037	8.76%	$34.02
2010	332	725,209	10.28%	$38.50
2011	345	904,248	12.82%	$37.65
2012	229	636,254	9.02%	$32.98
2013	133	313,127	4.44%	$36.35
2014	164	397,469	5.64%	$36.90

Joint Ventures' (at Company's pro rata share) Centers: Year Ending December 31,	Number of Leases Expiring	Approximate GLA of Expiring Leases(1)	Leased GLA Represented by Expiring Leases(2)	Base Rent per Square Foot of Expiring Leases(1)
2005	380	420,730	12.47%	$30.18
2006	352	410,583	12.17%	$31.08
2007	337	382,164	11.33%	$32.06
2008	342	384,538	11.40%	$33.26
2009	312	376,570	11.16%	$33.42
2010	257	269,614	7.99%	$38.04
2011	245	309,119	9.16%	$39.39
2012	189	216,744	6.42%	$39.66
2013	179	209,502	6.21%	$40.17
2014	173	230,097	6.82%	$36.60

(1) Currently, 52% of leases have provisions for future consumer price index increases which are not reflected in ending lease rent.

(2) For leases 10,000 square feet and under. Leases for the expansion area of Queens Center and La Encantada are excluded.

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 accounted for approximately 6.2% of the Company's total rent for the year ended December 31, 2004.

The following table identifies each Anchor, each parent company that owns multiple Anchors and the number of square feet owned or leased by each such Anchor or parent company in the Company's portfolio at December 31, 2004:

Name	Number of Anchor Stores	GLA Owned by Anchor	GLA Leased by Anchor	Total GLA Occupied By Anchor
Sears(1)	42	3,559,952	1,979,768	5,539,720
J.C. Penney	41	1,736,595	3,705,296	5,441,891
May Department Stores Co.(2)				
Robinsons-May	16	2,011,033	919,491	2,930,524
Foley's	6	1,155,316	—	1,155,316
Hecht's	2	140,000	143,426	283,426
Marshall Field's	2	115,193	100,790	215,983
Meier & Frank	2	242,505	200,000	442,505
Famous-Barr	1	180,000	—	180,000
Lord and Taylor(3)	1	—	120,000	120,000
Total	30	3,844,047	1,483,707	5,327,754
Dillard's	28	3,287,485	1,117,745	4,405,230
Federated Department Stores(2)				
Macy's	28	2,932,190	1,363,651	4,295,841
Sun Capital Partners, Inc.(4)				
Mervyn's	19	888,611	627,412	1,516,023
Target(5)	12	774,370	651,675	1,426,045
Nordstrom	8	535,773	728,369	1,264,142
Saks, Inc.				
Younkers	6	—	609,177	609,177
Herberger's	5	269,969	202,778	472,747
Saks Fifth Avenue	1	—	92,000	92,000
Total	12	269,969	903,955	1,173,924
Gottschalks	8	332,638	608,772	941,410
Wal-Mart(6)	2	372,000	—	372,000
Neiman Marcus	2	—	321,450	321,450
Boscov's	2	—	314,717	314,717
Steve & Barry's University Sportswear	2	148,750	157,000	305,750
Burlington Coat Factory	3	186,570	100,709	287,279
Von Maur	3	186,686	59,563	246,249
Home Depot (Expo Design Center)	2	—	234,404	234,404
Belk	2	—	149,685	149,685
Lowe's	1	135,197	—	135,197
Best Buy	2	129,441	—	129,441
Kohl's	1	—	114,359	114,359
Dick's Sporting Goods	1	—	97,241	97,241
Gordmans	1	—	60,000	60,000
Peebles	1	—	42,090	42,090
Beall's	1	—	40,000	40,000
Total	254	19,320,274	14,861,568	34,181,842

(1) On November 17, 2004, Kmart Holding Corporation and Sears, Roebuck and Co. signed a merger agreement that will combine Sears and Kmart into a new retail company named Sears Holding Corporation. The merger is expected to close at the end of March 2005. See "—Bankruptcy and/or Closure of Retail Stores."

(2) Federated Department Stores, Inc. and The May Department Stores Company announced on February 28, 2005 that they have agreed to merge with Federated becoming the surviving company. The merger is expected to close in the third quarter of 2005. See "—Bankruptcy and/or Closure of Retail Stores."

(3) Lord and Taylor closed their FlatIron Crossing store in January 2005.

(4) *Mervyn's was acquired by an investor group, including Sun Capital Partners, Inc. on September 2, 2004.*

(5) *Target is scheduled to open at Valley Mall in Summer 2005.*

(6) *Wal-Mart opened at San Tan Village in January 2005.*

Environmental Matters

Under various federal, state and local laws, ordinances and regulations, a current or prior owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on, under or in such property. Such laws often impose liability whether or not the owner or operator 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 or operator's ability to sell or rent such property or to borrow using such property as collateral. Persons or entities 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 or treatment facility, whether or not such facility is owned or operated by such person or entity. Certain environmental laws impose liability for release of asbestos-containing materials ("ACMs") into the air and third parties may seek recovery from owners or operators of real properties for personal injury associated with exposure to ACMs. In connection with the ownership (direct or indirect), operation, management, development and redevelopment 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 may reasonably 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 ACMs 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 the 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. 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. A total of $97,603 and $77,803 have already been incurred by the joint venture for remediation, professional and legal fees for the years ending December 31, 2004 and 2003, respectively. The Company has been sharing costs with former owners of the property. An additional $83,715 remains reserved at December 31, 2004.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos was 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 of .1 fcc. The accounting at acquisition included a reserve of $3.3 million to cover future removal of this asbestos, as necessary. The Center was recently renovated and a substantial amount of the asbestos was removed. The Company incurred $121,565 and $1,622,269 in remediation costs for the years ending December 31, 2004 and 2003, respectively. An additional $618,518 remains reserved at December 31, 2004.

Insurance

The Centers have comprehensive liability, fire, flood, terrorism, extended coverage and rental loss insurance. The Company or the joint venture owner, as applicable, also currently carries earthquake insurance covering the Centers located in California. Such policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $200 million on the Centers located in California. While the Company or the relevant joint venture also carries terrorism insurance on the Centers, the policies are subject to a $10,000 deductible and a combined annual aggregate loss limit of $400 million for both certified and non-certified acts of terrorism. Management believes that such insurance policies have specifications and insured limits customarily carried for similar properties. See—"Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Uninsured Losses."

Qualification as a Real Estate Investment Trust

The Company elected to be taxed as a REIT 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 REIT under the Code. As a REIT, 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 REIT depends on the Company's ability to meet certain dividend distribution tests, share ownership requirements and various qualification tests prescribed in the Code.

Employees

As of December 31, 2004, the Company and the management companies employ 2,148 persons, including eight executive officers, personnel in the areas of acquisitions and business development (5), property management (872), leasing (102), redevelopment/development (54), financial services (155) and legal affairs (36). In addition, in an effort to minimize operating costs, the Company generally maintains its own security staff (895) and in some cases a maintenance staff (21). The Company primarily engages a third party to handle maintenance at the Centers. Unions represent 29 of these employees. The Company believes that relations with its employees are good.

Available Information; Website Disclosure; Corporate Governance Documents

The Company's corporate website address is *www.macerich.com*. The Company makes available free of charge through this website its reports on Forms 10-K, 10-Q and 8-K and all amendments thereto, as soon as reasonably practicable after the reports have been filed with, or furnished to, the Securities and Exchange Commission. These reports are available under the heading "Investing—SEC Filings," through a free hyperlink to a third-party service.

The following documents relating to Corporate Governance are available on the Company's website at *www.macerich.com* under "Corporate Governance":

Guidelines on Corporate Governance
Code of Business Conduct and Ethics
Code of Ethics for CEO and Senior Financial Officers
Audit Committee Charter
Compensation Committee Charter
Executive Committee Charter
Nominating and Corporate Governance Committee Charter

You may also request copies of any of these documents by writing to:

Attention: Corporate Secretary
The Macerich Company
401 North Wilshire Blvd., Suite 700
Santa Monica, CA 90401

Item 2. Properties

Company's Ownership	Name of Center/ Location(1)	Year of Original Construction/ Acquisition	Year of Most Recent Expansion/ Renovation	Total GLA(2)	Mall and Freestanding GLA	Percentage of Mall and Freestanding GLA Leased	Anchors	Sales Per Square Foot(3)
WHOLLY OWNED:								
100%	Capitola Mall(4) Capitola, California	1977/1995	1988	586,588	196,871	94.3%	Gottschalks, Macy's, Mervyn's, Sears	$329
100%	Chandler Fashion Center Chandler, Arizona	2001/2002	—	1,322,359	637,199	98.0%	Dillard's, Robinsons-May, Nordstrom, Sears	458
100%	Chesterfield Towne Center Richmond, Virginia	1975/1994	2000	1,033,878	423,489	93.0%	Dillard's (two)(5), Hecht's, Sears, J.C. Penney	316
100%	Citadel, The Colorado Springs, Colorado	1972/1997	1995	995,352	400,012	87.3%	Dillard's, Foley's, J.C. Penney, Mervyn's	316
100%	Crossroads Mall Oklahoma City, Oklahoma	1974/1994	1991	1,267,582	551,325	83.1%	Dillard's, Foley's, J.C. Penney, Steve & Barry's University Sportswear(6)	246
100%	Fiesta Mall Mesa, Arizona	1979/2004	1999	1,035,806	312,250	90.1%	Dillard's, Macy's, Robinsons-May, Sears	356
100%	Flagstaff Mall Flagstaff, Arizona	1979/2002	1986	353,951	149,939	100.0%	Dillard's, J.C. Penney, Sears	306
100%	FlatIron Crossing Broomfield, Colorado	2000/2002	—	1,541,339	777,598	98.4%	Dillard's, Foley's, Nordstrom, Lord & Taylor(7), Dick's Sporting Goods	396
100%	Fresno Fashion Fair Fresno, California	1970/1996	2003	874,058	313,177	100.0%	Gottschalks, J.C. Penney, Macy's (two)	489
100%	Greeley Mall Greeley, Colorado	1973/1986	2003	555,186	285,282	94.5%	Dillard's (two), J.C. Penney, Sears	255
100%	Green Tree Mall Clarksville, Indiana	1968/1975	2004 ongoing	811,266	307,270	84.0%	Dillard's(8), J.C. Penney, Sears, Target	372
100%	Holiday Village Mall(4) Great Falls, Montana	1959/1979	1992	496,372	273,647	69.0%	Herberger's, J.C. Penney, Sears	234
100%	La Cumbre Plaza(4) Santa Barbara, California	1967/2004	2003	494,535	177,535	94.8%	Robinsons-May, Sears	382
100%	Northgate Mall San Rafael, California	1964/1986	1987	741,219	270,888	90.1%	Macy's, Mervyn's, Sears	355
100%	Northridge Mall Salinas, California	1972/2003	2002	863,832	326,852	95.5%	J.C. Penney, Macy's, Mervyn's, Sears	372
100%	Northwest Arkansas Mall Fayetteville, Arkansas	1972/1998	1997	822,126	308,456	93.1%	Dillard's (two), J.C. Penney, Sears	344
100%	Pacific View Ventura, California	1965/1996	2000	1,045,013	411,199	98.6%	J.C. Penney, Macy's, Robinsons-May, Sears	385
100%	Panorama Mall Panorama, California	1955/1979	1980	323,438	158,438	100.0%	Wal-Mart	334
100%	Paradise Valley Mall Phoenix, Arizona	1979/2002	1998	1,220,236	414,808	96.3%	Dillard's, J.C. Penney, Macy's, Robinsons-May, Sears	347

100%	Prescott Gateway Prescott, Arizona	2002/2002	2004	585,434	341,246	81.6%	Dillard's, Sears, J.C. Penney	$231
100%	Queens Center(4) Queens, New York	1973/1995	2004	963,041	408,274	95.6%	J.C. Penney, Macy's	799
100%	Rimrock Mall Billings, Montana	1978/1996	1999	595,643	295,768	91.7%	Dillard's (two), Herberger's, J.C. Penney	329
100%	Salisbury, Centre at Salisbury, Maryland	1990/1995	1990	773,922	276,506	93.7%	Boscov's, J.C. Penney, Hecht's, Sears	366
100%	Somersville Towne Center Antioch, California	1966/1986	2004	501,505	173,283	93.3%	Sears, Gottschalks, Mervyn's, Macy's(9)	351
100%	South Plains Mall Lubbock, Texas	1972/1998	1995	1,143,706	401,919	90.2%	Beall's, Dillard's (two), J.C. Penney, Mervyn's, Sears	332
100%	South Towne Center Sandy, Utah	1987/1997	1997	1,268,705	492,193	91.2%	Dillard's, J.C. Penney, Mervyn's, Target, Meier & Frank	355
100%	The Oaks Thousand Oaks, California	1978/2002	1993	1,067,422	341,347	93.6%	J.C. Penney, Macy's (two), Robinsons-May (two)	507
100%	Valley View Center Dallas, Texas	1973/1997	2004	1,647,422	589,525	90.7%	Dillard's, Foley's, J.C. Penney, Sears	288
100%	Victor Valley, Mall of Victorville, California	1986/2004	2001	508,295	234,446	97.5%	Gottschalks, J.C. Penney, Mervyn's, Sears	403
100%	Vintage Faire Mall Modesto, California	1977/1996	2001	1,083,313	383,394	97.4%	Gottschalks, J.C. Penney, Macy's (two), Sears	461
100%	Westside Pavilion Los Angeles, California	1985/1998	2000	666,978	308,850	95.3%	Nordstrom, Robinsons-May	430
	Total/Average Wholly Owned			27,189,522	10,942,986	92.6%		$368
JOINT VENTURES (VARIOUS PARTNERS):								
33%	Arrowhead Towne Center Glendale, Arizona	1993/2002	2004	1,129,540	391,126	96.6%	Dillard's, Robinsons-May, J.C. Penney, Sears, Mervyn's	$465
50%	Biltmore Fashion Park Phoenix, Arizona	1963/2003	1993	608,976	303,976	95.9%	Macy's, Saks Fifth Avenue	576
50%	Broadway Plaza(4) Walnut Creek, California	1951/1985	1994	698,108	252,611	98.9%	Macy's (two), Nordstrom	711
50.1%	Corte Madera, Village at Corte Madera, California	1985/1998	1994	433,443	215,443	98.0%	Macy's, Nordstrom	613
50%	Desert Sky Mall Phoenix, Arizona	1981/2002	1993	896,789	302,200	83.2%	Sears, Dillard's, Burlington Coat Factory, Mervyn's, Steve & Barry's University Sportswear(6)	278
50%	Inland Center(4) San Bernardino, California	1966/2004	2004	1,032,822	249,148	81.6%	Macy's, Robinsons-May, Sears, Gottschalks	486
50%	NorthPark Center(4) Dallas, Texas	1965/2004	2004 ongoing	1,264,219	493,297	86.7%	Dillard's, Foley's, Neiman Marcus	665

50%	Scottsdale Fashion Square(10) Scottsdale, Arizona	1961/2002	2003	2,052,148	850,729	90.6%	Dillard's, Robinsons-May, Macy's, Nordstrom, Neiman Marcus	$589
33%	Superstition Springs Center(4) Mesa, Arizona	1990/2002	2002	1,268,246	421,707	92.5%	Burlington Coat Factory, Dillard's, Robinsons-May, J.C. Penney, Sears, Mervyn's, Best Buy	387
19%	West Acres Fargo, North Dakota	1972/1986	2001	950,206	397,651	99.2%	Marshall Field's, Herberger's, J.C. Penney, Sears	403
	Total/Average Joint Ventures (Various Partners)			10,334,497	3,877,888	92.0%		$519
PACIFIC PREMIER RETAIL TRUST PROPERTIES:								
51%	Cascade Mall Burlington, Washington	1989/1999	1998	588,069	263,833	91.8%	Macy's (two), J.C. Penney, Sears, Target	$348
51%	Kitsap Mall(4) Silverdale, Washington	1985/1999	1997	845,606	335,623	95.2%	Macy's, J.C. Penney, Gottschalks, Mervyn's, Sears	411
51%	Lakewood Mall Lakewood, California	1953/1975	2001	2,093,006	985,022	97.1%	Home Depot, Target, J.C. Penney, Macy's, Mervyn's, Robinsons-May	393
51%	Los Cerritos Center Cerritos, California	1971/1999	1998	1,288,245	486,964	97.4%	Macy's, Mervyn's, Nordstrom, Robinsons-May, Sears	473
51%	Redmond Town Center(4) (10) Redmond, Washington	1997/1999	2004	1,286,010	1,176,010	97.3%	Macy's	357
51%	Stonewood Mall(4) Downey, California	1953/1997	1991	930,086	359,339	97.3%	J.C. Penney, Mervyn's, Robinsons-May, Sears	409
51%	Washington Square Portland, Oregon	1974/1999	2004 ongoing	1,380,358	446,022	98.8%	J.C. Penney, Meier & Frank, Mervyn's, Nordstrom, Sears	605
	Total/Average Pacific Premier Retail Trust Properties			8,411,380	4,052,813	96.9%		$437
SDG MACERICH PROPERTIES, L.P. PROPERTIES:								
50%	Eastland Mall(4) Evansville, Indiana	1978/1998	1996	1,030,739	541,595	95.9%	Famous-Barr, J.C. Penney, Macy's	$372
50%	Empire Mall(4) Sioux Falls, South Dakota	1975/1998	2000	1,338,774	593,252	95.0%	Marshall Field's, J.C. Penney, Gordmans, Kohl's, Sears, Target, Younkers	382
50%	Granite Run Mall Media, Pennsylvania	1974/1998	1993	1,047,058	546,249	94.0%	Boscov's, J.C. Penney, Sears	288
50%	Lake Square Mall Leesburg, Florida	1980/1998	1995	560,814	264,777	85.2%	Belk, J.C. Penney, Sears, Target	286
50%	Lindale Mall Cedar Rapids, Iowa	1963/1998	1997	688,015	382,452	90.4%	Sears, Von Maur, Younkers	306

50%	Mesa Mall Grand Junction, Colorado	1980/1998	2003	836,620	410,803	90.9%	Herberger's, J.C. Penney, Mervyn's, Sears, Target	$330
50%	NorthPark Mall Davenport, Iowa	1973/1998	2001	1,076,751	425,218	85.5%	J.C. Penney, Dillard's, Sears, Von Maur, Younkers	252
50%	Rushmore Mall Rapid City, South Dakota	1978/1998	1992	837,766	433,106	93.4%	Herberger's, J.C. Penney, Sears, Target	347
50%	Southern Hills Mall Sioux City, Iowa	1980/1998	2003	795,974	482,397	86.9%	Sears, Younkers, J.C. Penney(11)	321
50%	SouthPark Mall Moline, Illinois	1974/1998	1990	1,025,935	447,879	85.5%	J.C. Penney, Sears, Younkers, Von Maur, Dillard's(12)	214
50%	SouthRidge Mall Des Moines, Iowa	1975/1998	1998	882,012	493,260	77.7%	Sears, Younkers, J.C. Penney, Target	198
50%	Valley Mall Harrisonburg, Virginia	1978/1998	1992	487,429	179,631	89.6%	Belk, J.C. Penney, Peebles, Target (13)	278
	Total/Average SDG Macerich Properties, L.P. Properties			10,607,887	5,200,619	89.5%		$302
	Total/Average Joint Ventures			29,353,764	13,131,320	92.5%		$414
	Total/Average before Community/Specialty Centers			56,543,286	24,074,306	92.6%		$391
COMMUNITY/SPECIALTY CENTERS:								
100%	Borgata Scottsdale, Arizona	1981/2002	—	88,739	88,739	79.5%	—	$389
75%	Camelback Colonnade Phoenix, Arizona	1961/2002	1994	620,987	540,987	82.7%	Mervyn's	287
100%	Carmel Plaza Carmel, California	1974/1998	1993	115,616	115,616	92.1%	—	418
50%	Chandler Blvd. Shops Chandler, Arizona	2001/2002	2004	173,838	173,838	97.6%	—	378
50%	Chandler Festival Chandler, Arizona	2001/2002	—	503,735	368,538	98.3%	Lowe's	278
50%	Chandler Gateway Chandler, Arizona	2001/2002	—	256,889	125,838	94.8%	The Great Indoors	388
50%	Chandler Village Center Chandler, Arizona	2004/2002	2004 ongoing	238,255	95,122	100.0%	Target	N/A
100%	Great Falls Marketplace Great Falls, Montana	1997/1997	—	215,024	215,024	98.1%	—	160
50%	Hilton Village(4)(10) Scottsdale, Arizona	1982/2002	—	96,640	96,640	87.0%	—	463
100%	Paradise Village Office Park II(10)(14) Phoenix, Arizona	1982/2002	—	47,463	47,463	80.4%	—	N/A
50%	Promenade Sun City, Arizona	1983/2002	—	70,179	70,179	70.2%	—	236
46%	Scottsdale 101(4) Phoenix, Arizona	2002/2002	2004 ongoing	568,538	467,163	96.0%	Expo Design Center	205
100%	Village Center(14) Phoenix, Arizona	1985/2002	—	170,801	59,055	90.4%	Target	290

100%	Village Crossroads(14) Phoenix, Arizona	1993/2002	—	187,336	86,627	75.8%	Burlington Coat Factory	$363
100%	Village Fair(14) Phoenix, Arizona	1989/2002	—	271,417	207,817	94.6%	Best Buy	213
100%	Village Plaza Phoenix, Arizona	1978/2002	—	79,810	79,810	97.2%	—	266
100%	Village Square I Phoenix, Arizona	1978/2002	—	21,606	21,606	93.7%	—	180
100%	Village Square II Phoenix, Arizona	1978/2002	—	146,193	70,393	100.0%	Mervyn's	184
	Total/Average Community/Specialty Centers			3,873,066	2,930,455	91.6%		$313
	Total before major development and redevelopment properties and other assets			60,416,352	27,004,761	92.5%		$387
MAJOR DEVELOPMENT AND REDEVELOPMENT PROPERTIES:								
100%	La Encantada Tucson, Arizona	2002/2002	2004 ongoing	254,967	254,967	(15)	—	N/A
100%	Park Lane Mall(4) Reno, Nevada	1967/1978	1998	369,922	240,202	(15)	Gottschalks	N/A
37.5%	San Tan Village(16) Gilbert, Arizona	2004/2004	2004 ongoing	421,669	214,669	(15)	Wal-Mart	N/A
100%	Santa Monica Place Santa Monica, California	1980/1999	1990	560,685	277,435	(15)	Macy's, Robinsons-May	N/A
100%	Twenty-Ninth Street(4) Boulder, Colorado	1963/1979	2004 ongoing	175,601	25,320	(15)	Foley's	N/A
100%	Westside Pavilion Adjacent Los Angeles, California	1985/1998	2004 ongoing	90,982	90,982	(15)		N/A
	Total Major Development and Redevelopment Properties			1,873,826	1,103,575			
OTHER ASSETS:								
100%	Paradise Village ground leases(14) Phoenix, Arizona	— /2002		169,490	169,490	100%	—	N/A
	Total Other Assets			169,490	169,490			100%
	Grand Total at December 31, 2004			62,459,668	28,277,826			

(1) *With respect to 67 Centers, the underlying land controlled by the Company 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. With respect to the remaining Centers, the underlying land controlled by the Company is owned by third parties and leased to the Company, the property partnership or the limited liability company pursuant to long-term ground leases. Under the terms of a typical ground lease, the Company, the property partnership or the limited liability company 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, the property partnership or the limited liability company has an option or right of first refusal to purchase the land. The termination dates of the ground leases range from 2013 to 2132.*

(2) *Includes GLA attributable to Anchors (whether owned or non-owned) and Mall and Freestanding Stores as of December 31, 2004.*

(3) *Sales are based on reports by retailers leasing Mall and Freestanding Stores for the twelve months ending December 31, 2004 for tenants which have occupied such stores for a minimum of 12 months. Sales per square foot are based on tenants 10,000 square feet and under, excluding theaters.*

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

(5) *Dillard's consolidated their two anchors stores into one in February 2005.*

(6) *Steve & Barry's University Sportswear opened at Desert Sky in August 2004 and at Crossroads Oklahoma in November 2004.*

(7) Lord & Taylor closed their 120,000 square foot store in January 2005.

(8) Dillard's is scheduled to complete a 58,000 square foot expansion in March 2005.

(9) Federated Department Stores opened a new 107,000 square foot Macy's store in July 2004.

(10) The office portion of this mixed-use development does not have retail sales.

(11) J.C. Penney opened a new 100,000 square foot store in August 2004.

(12) Dillard's opened a new 128,000 square foot store in October 2004.

(13) Target is scheduled to open a new 116,000 square foot store in Summer 2005.

(14) On December 31, 2004, the Company purchased its joint venture partner's 50% interest in these Centers.

(15) Tenant spaces have been intentionally held off the market and remain vacant because of major development or redevelopment plans. As a result, the Company believes the percentage of mall and freestanding GLA leased and the sales per square foot at these major redevelopment properties is not meaningful data.

(16) Wal-Mart opened in January 2005.

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. The information set forth below is as of December 31, 2004.

Property Pledged as Collateral	Fixed or Floating	Annual Interest Rate	12-31-04 Balance (000's) (A)	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
Consolidated Centers:							
Borgata	Fixed	5.39%	$15,941	$1,380	10/11/2007	$14,352	Any Time
Capitola Mall	Fixed	7.13%	44,038	4,558	5/15/2011	32,724	Any Time
Carmel Plaza	Fixed	8.18%	27,426	2,421	5/1/2009	25,642	Any Time
Chandler Fashion Center	Fixed	5.48%	178,646	12,516	11/1/2012	152,097	11/1/2005
Chesterfield Towne Center(1)	Fixed	9.07%	59,696	6,580	1/1/2024	1,087	1/1/2006
Citadel	Fixed	7.20%	65,911	6,648	1/1/2008	59,962	Any Time
Fiesta Mall(2)	Fixed	4.88%	84,000	4,231	1/1/2015	84,000	12/2/2007
Flagstaff Mall	Fixed	5.39%	13,668	1,452	1/1/2006	12,894	Any Time
FlatIron Crossing	Fixed	5.23%	197,170	13,224	12/1/2013	164,187	11/1/2005
Fresno Fashion Fair	Fixed	6.52%	66,415	5,244	8/10/2008	62,890	Any Time
Greeley Mall	Fixed	6.18%	29,382	2,359	9/1/2013	23,446	8/31/2006
La Cumbre Plaza(3)	Floating	3.28%	30,000	984	8/9/2007	30,000	Any Time
La Encantada(4)	Floating	4.03%	42,648	1,719	12/1/2005	42,648	Any Time
Northridge Mall(5)	Fixed	4.84%	85,000	5,438	7/1/2009	78,769	Any Time
Northwest Arkansas Mall	Fixed	7.33%	55,937	5,209	1/10/2009	49,304	Any Time
Pacific View	Fixed	7.16%	92,703	7,779	8/31/2011	83,046	Any Time
Panorama Mall(6)	Floating	3.15%	32,250	1,016	12/31/2005	32,250	Any Time
Paradise Valley Mall	Fixed	5.89%	23,870	2,196	5/1/2009	19,863	Any Time
Paradise Valley Mall	Fixed	5.39%	78,797	6,072	1/1/2007	74,889	Any Time
Paradise Village Ground Leases	Fixed	5.39%	7,463	670	3/1/2006	7,134	Any Time
Prescott Gateway(7)	Floating	3.63%	35,280	1,281	7/31/2007	35,280	1/31/2005
Queens Center	Fixed	6.88%	94,792	7,595	3/1/2009	88,651	Any Time
Queens Center(8)	Floating	4.78%	195,487	9,344	3/1/2013	195,487	2/19/2008
Rimrock Mall	Fixed	7.45%	44,571	3,841	10/1/2011	40,025	Any Time
Salisbury, Center at(9)	Floating	2.75%	79,875	2,196	2/20/2006	79,875	Any Time
Santa Monica Place	Fixed	7.70%	81,958	7,272	11/1/2010	75,439	Any Time
Scottsdale 101/Associates(10)	Floating	4.14%	38,056	1,575	5/1/2006	38,056	Any Time
South Plains Mall	Fixed	8.22%	61,377	5,448	3/1/2009	57,557	Any Time
South Towne Center	Fixed	6.61%	64,000	4,289	10/10/2008	64,000	Any Time
The Oaks(11)	Floating	2.64%	108,000	2,851	7/1/2005	108,000	Any Time
Valley View Mall	Fixed	7.89%	51,000	4,080	10/10/2006	51,000	Any Time
Victor Valley, Mall of	Fixed	4.60%	54,729	3,645	3/1/2008	50,084	Any Time
Village Center	Fixed	5.39%	7,248	748	4/1/2006	6,782	Any Time
Village Crossroads	Fixed	4.81%	4,695	447	9/1/2005	4,538	Any Time
Village Fair North	Fixed	5.89%	11,823	983	7/15/2008	10,710	Any Time
Village Plaza	Fixed	5.39%	5,316	564	11/1/2006	4,757	Any Time
Village Square I & II	Fixed	5.39%	4,659	492	2/1/2006	4,394	Any Time
Vintage Faire Mall	Fixed	7.89%	67,101	6,099	9/1/2010	61,372	Any Time
Westside Pavilion	Fixed	6.67%	96,192	7,538	7/1/2008	91,133	Any Time
Total—Consolidated Centers			$2,337,120				

Joint Venture Centers (at Company's pro rata share):							
Arrowhead Towne Center(33.33%)	Fixed	6.38%	$28,076	$2,240	10/1/2011	$24,256	Any Time
Biltmore Fashion Park (50%)	Fixed	4.68%	42,842	2,433	7/10/2009	34,972	Any Time
Boulevard Shops(50%)(12)	Floating	4.28%	5,361	164	1/1/2006	5,361	Any Time
Broadway Plaza (50%)	Fixed	6.68%	32,913	3,089	8/1/2008	29,315	Any Time
Camelback Colonnade(75%)	Fixed	4.81%	24,207	2,529	1/1/2006	22,719	Any Time
Chandler Festival(50%)	Fixed	4.37%	15,704	960	10/1/2008	14,583	11/14/2005
Chandler Gateway(50%)	Fixed	5.19%	9,843	660	10/1/2008	9,223	2/1/2006
Chandler Village Center (50%)	Floating	4.14%	6,723	278	12/19/2006	6,723	Any Time
Corte Madera, Village at (50.1%)	Fixed	7.75%	34,176	3,101	11/1/2009	31,533	Any Time
Desert Sky Mall(50%)	Fixed	5.42%	13,437	1,020	1/1/2006	13,412	Any Time
East Mesa Land(50%)(13)	Floating	2.28%	2,093	120	11/14/2005	2,093	Any Time
East Mesa Land(50%)(13)	Fixed	5.39%	626	36	11/15/2006	611	Any Time
Hilton Village(50%)	Fixed	5.39%	4,370	414	1/1/2007	3,987	Any Time
Inland Center(50%)	Fixed	4.64%	27,000	1,253	2/11/2009	27,000	4/1/2006
Northpark Center(50%)(14)	Fixed	8.33%	86,630	655	5/10/2012	76,387	Any Time
Pacific Premier Retail Trust (51%):							
Kitsap Mall/Kitsap Place	Fixed	8.06%	30,273	2,755	6/1/2010	28,143	Any Time
Lakewood Mall(15)	Fixed	7.20%	64,770	4,661	8/10/2005	64,770	Any Time
Lakewood Mall(16)	Floating	3.93%	8,746	344	7/25/2005	8,746	Any Time
Los Cerritos Center	Fixed	7.13%	56,651	5,054	7/1/2006	54,955	Any Time
Redmond Town Center-Retail(17)	Fixed	4.81%	38,250	1,842	8/1/2009	38,250	2/1/2007
Redmond Town Center-Office	Fixed	6.77%	39,545	3,575	7/10/2009	26,223	Any Time
Stonewood Mall	Fixed	7.41%	38,975	3,298	12/11/2010	36,192	Any Time
Washington Square	Fixed	6.70%	54,555	5,051	2/1/2009	48,021	Any Time
Washington Square(18)	Floating	4.17%	17,816	744	2/1/2009	16,012	10/1/2006
Promenade(50%)	Fixed	5.39%	2,410	234	9/1/2006	2,226	Any Time
SanTan Village Phase 2 (37.5%)(19)	Floating	5.25%	104	5	11/2/2007	104	Any Time
Scottsdale Fashion Square-Series I(50%)	Fixed	5.39%	81,396	4,458	8/31/2007	78,000	Any Time
Scottsdale Fashion Square-Series II(50%)	Fixed	5.39%	35,560	1,965	8/31/2007	33,253	Any Time
SDG Macerich Properties L.P. (50%)(20)	Fixed	6.54%	180,882	13,440	5/15/2006	178,550	Any Time
SDG Macerich Properties L.P. (50%)(20)	Floating	2.81%	93,250	1,771	5/15/2006	93,250	Any Time
SDG Macerich Properties L.P. (50%)(20)	Floating	2.77%	40,700	729	5/15/2006	40,700	Any Time
Superstition Springs(33.33%)(21)	Floating	2.28%	16,045	902	11/14/2005	15,949	Any Time
Superstition Springs(33.33%)(21)	Fixed	5.39%	4,801	270	11/1/2006	4,682	Any Time
West Acres Center(19%)	Fixed	6.52%	6,774	681	1/1/2009	5,684	Any Time
West Acres Center(19%)	Fixed	9.17%	1,764	212	1/1/2009	1,517	Any Time
Total—Joint Venture Centers			$1,147,268				

(A) The mortgage notes payable balances include the unamortized debt premiums. These debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in various acquisitions subsequent to March, 1994 (with interest rates ranging from 3.81% to 7.68%). The debt premiums are being amortized into interest expense over the term of the related debt, in a manner which approximates the effective interest method.

The debt premiums as of December 31, 2004 consist of the following (000's):

		2004
Borgata	$	831
Flagstaff Mall		308
Paradise Valley Mall		1,271
Paradise Valley Mall		1,576
Paradise Village Ground Leases		152
Victor Valley, Mall of		1,022
Village Center		174
Village Crossroads		88
Village Fair North		340
Village Plaza		284
Village Square I and II		101
Total Consolidated Centers	$	6,147

		2004
Arrowhead Towne Center	$	746
Biltmore Fashion Park		4,600
Camelback Colonnade		633
Hilton Village		238
Promenade		118
Scottsdale Fashion Square — Series 1		3,396
Scottsdale Fashion Square — Series 2		2,307
SDG Macerich Properties, L.P.		2,332
Total Joint Venture Centers (at Company's pro rata share)	$	14,370

Notes:

(1) This annual debt service 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 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 $658,492 for the twelve months ended December 31, 2004.

(2) On December 2, 2004, the Company placed this ten year fixed rate loan at 4.88%.

(3) Concurrent with the acquisition of this property, the Company placed a $30.0 million floating rate loan bearing interest at LIBOR plus 0.88% with an initial interest rate of 2.29%. The loan matures August 9, 2007 with two one-year extensions through August 9, 2009. At December 31, 2004, the total interest rate was 3.28%. This variable rent debt is covered by an interest rate cap agreement over the loan term which effectively prevents the interest rate from exceeding 7.12%.

(4) This represents a construction loan which shall not exceed $51.0 million bearing interest at LIBOR plus 2.0%. At December 31, 2004, the total interest rate was 4.03%.

(5) On June 30, 2004, the Company placed a new $85.0 million loan maturing in 2009. The loan floats at LIBOR plus 2.0% for six months and then converts to a fixed rate loan at 4.94%. At December 31, 2004, the effective interest rate over the loan term is 4.84%.

(6) The loan bears interest at LIBOR plus 1.65%.

(7) This represented a construction loan which was not to exceed $46.3 million and bore interest at LIBOR plus 2.25%. Effective February 18, 2004, the loan commitment was reduced to $44.3 million. On July 31, 2004, this construction loan matured and was replaced with a three-year loan, plus two one-year extension options at LIBOR plus 1.65%. At December 31, 2004, the total interest rate was 3.63%.

(8) This represents a $225.0 million construction loan bearing interest at LIBOR plus 2.50%. The loan converts to a permanent fixed rate loan at 7%, subject to certain conditions including completion and stabilization of the expansion and redevelopment project. As of December 31, 2004, the total interest rate was 4.78%. NML is the lender for 50% of the construction loan. The funds advanced by NML are considered related party debt as they are a joint venture partner with the Company in Macerich Northwestern Associates.

(9) This floating rate loan was issued on February 18, 2004. The loan bears interest at LIBOR plus 1.375% and matures February 20, 2006 with a one-year extension option. At December 31, 2004, the total interest rate was 2.75%.

(10) The property has a construction note payable which shall not exceed $54.0 million, bearing an interest rate at LIBOR plus 2.00%. At December 31, 2004, the total interest rate was 4.14%.

(11) Concurrent with the acquisition of the mall, the Company placed a $108.0 million loan bearing interest at LIBOR plus 1.15% and maturing July 1, 2004 with three consecutive one year options. $92.0 million of the loan is at LIBOR plus 0.7% and $16.0 million is at LIBOR plus 3.75%. In July 2004, the Company extended the loan maturity to July 2005. This variable rate debt is covered by an interest rate cap agreement over the loan term which effectively prevents the interest rate from exceeding 7.10%. At December 31, 2004 and December 31, 2003, the total weighted average interest rate was 2.64% and 2.32%, respectively.

(12) The property has a construction note payable which shall not exceed $13.3 million at December 31, 2003 bearing interest at LIBOR plus 2.0%. At December 31, 2004, the total interest rate was 4.28%. Effective January 2004, the loan commitment was reduced to $11.4 million.

(13) This note was assumed at acquisition. The loan consists of 3 traunches, with a range of maturities from 36 months (with two 18-month extension options) to 60 months. The variable rate debt ranges from LIBOR plus 60 basis points to LIBOR plus 250 basis points, and fixed rate debt ranges from

5.01% to 6.18%. This loan is part of a larger loan group, and is cross-collateralized and cross-defaulted with the other properties in that group, which are unaffiliated with the Company. An interest rate swap was entered into to convert $1.5 million of floating rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. The interest rate swap has been designated as a hedge in accordance with SFAS 133. Additionally, interest rate caps were entered into on a portion of the debt and reverse interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

(14) *The annual debt service represents the payment of principal and interest. In addition, contingent interest, as defined in the loan agreement, is due upon the occurrence of certain capital events and is equal to 15% of proceeds less the base amount.*

(15) *In connection with the acquisition of this property, the joint venture assumed $127.0 million of collateralized fixed rate notes (the "Notes"). The Notes bear interest at an average fixed rate of 7.20% and mature in August 2005. The Notes require the joint venture 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 restricted cash is $750,000 of restricted cash deposited with the trustee at December 31, 2004 and December 31, 2003.*

(16) *On July 28, 2000, the joint venture placed a $16.1 million floating rate note on the property bearing interest at LIBOR plus 2.25% and maturing July 2003. On August 24, 2003, the joint venture negotiated a two-year loan extension with the lender and the loan was increased to $17.1 million. At December 31, 2004 and 2003, the total interest rate was 3.93% and 2.93%, respectively.*

(17) *On July 19, 2004, the joint venture placed a new $75.0 million fixed rate loan on this property. The new fixed year loan bears interest at 4.81%. The proceeds were used to payoff the old $58.4 million loan which bore interest at 6.5%.*

(18) *On October 7, 2004, the joint venture placed an additional loan on this property. The loan matures February 1, 2009 and the interest rate floats at LIBOR plus 2.0%. At December 31, 2004, the total interest rate was 4.17%.*

(19) *The property has a construction note payable which shall not exceed $26.8 million bearing interest at LIBOR plus 2.25%. At December 31, 2004, the total interest rate was 5.25%.*

(20) *In connection with the acquisition of these Centers, the joint venture assumed $485.0 million of mortgage notes payable which are collateralized by the properties. At acquisition, the $300.0 million fixed rate portion of this debt reflected a fair 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, 2004, the unamortized balance of the debt premium was $4.7 million. This debt is due in May 2006 and requires monthly payments of $1.9 million based on the fixed rate debt in place as of December 31, 2004. $184.5 million of this debt was refinanced in May 2003 with a new loan of $186.5 million that requires monthly interest*

payments at a variable weighted average rate (based on LIBOR) of 2.81% December 31, 2004. This variable rate debt is covered by interest rate cap agreements, which effectively prevents the interest rate from exceeding 10.63%.

On April 12, 2000, the joint venture issued $138.5 million of additional mortgage notes, which are collateralized by the properties and are due in May 2006. $57.1 million of this debt requires fixed monthly interest payments of $387,000 at a weighted average rate of 8.13% while the floating rate notes of $81.4 million require monthly interest payments at a variable weighted average rate (based on LIBOR) of 2.77% at December 31, 2004. This variable rate debt is covered by an interest rate cap agreement which effectively prevents the interest rate from exceeding 11.83%.

(21) This note was assumed at acquisition. The loan consists of 3 tranches, with a range of maturities from 36 months (with two 18-month extension options) to 60 months. The variable rate debt ranges from LIBOR plus 60 basis points to LIBOR plus 250 basis points, and fixed rate debt ranges from 5.01% to 6.18%. This loan is part of a larger loan group, and is cross-collateralized and cross-defaulted with the other properties in that group, which are unaffiliated with the Company. An interest rate swap was entered into to convert $11.4 million of floating rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. The interest rate swap has been designated as a hedge in accordance with SFAS 133. Additionally, interest rate caps were entered into on a portion of the debt and reverse interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

The Company had a $425.0 million revolving line of credit. This revolving line of credit had a three-year term through July 26, 2005 with a one-year extension option. The interest rate fluctuated from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. As of December 31, 2003, $319.0 million of borrowings were outstanding under this credit facility at an average interest rate of 3.69%. On July 30, 2004, the Company amended and expanded the revolving line of credit to $1.0 billion and extended the maturity to July 30, 2007 plus a one-year extension. The interest rate has been reduced to 1.50% over LIBOR based on the Company's current leverage level. The interest rate fluctuates from LIBOR plus 1.15% to LIBOR plus 1.70% depending on the Company's overall leverage level. As of December 31, 2004, $643.0 million of borrowings were outstanding at an average interest rate of 3.81%.

On July 26, 2002, the Company placed a $250.0 million term loan with a maturity of up to three years with two one-year extension options and an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. At December 31, 2003, $196.8 million of the term loan was outstanding at an interest rate of 3.95%. On July 30, 2004, the entire term loan was paid off in full from the Company's amended and expanded line of credit.

On May 13, 2003, the Company issued $250.0 million in unsecured notes maturing in May 2007 with a one-year extension option bearing interest at LIBOR plus 2.50%. The proceeds were used to pay down and create more availability under the Company's line of credit. At December 31, 2004, $250.0 million was outstanding at an interest rate of 4.45%. In October 2003, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005.

Additionally, as of December 31, 2004, the Company has contingent obligations of $6.9 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Item 3. Legal Proceedings.

None of the Company, the Operating Partnership, Macerich Property Management Company, LLC, Macerich Management Company, the Westcor Management Companies or their respective affiliates are 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—Environmental Matters."

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

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 2004, the Company's shares traded at a high of $64.66 and a low of $38.90.

As of February 22, 2005, there were approximately 726 stockholders of record. The following table shows high and low closing prices per share of common stock during each quarter in 2003 and 2004 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, 2003	$33.17	$28.82	$0.57
June 30, 2003	36.47	32.15	0.57
September 30, 2003	38.44	35.62	0.57
December 31, 2003	44.50	38.30	0.61
March 31, 2004	$53.90	$43.60	$0.61
June 30, 2004	54.30	39.75	0.61
September 30, 2004	55.79	46.60	0.61
December 31, 2004	64.66	54.10	0.65

The Company issued 3,627,131 shares of its Series A cumulative convertible redeemable preferred stock ("Series A Preferred Stock"), and 5,487,471 shares of its Series B cumulative convertible redeemable preferred stock ("Series B Preferred Stock"). There is no established public trading market for either the Series A Preferred Stock or the Series B Preferred Stock. The Series A Preferred Stock and Series B Preferred Stock were issued on February 25, 1998 and June 16, 1998, respectively. On September 9, 2003, all of the shares of Series B Preferred Stock were converted to common stock. Preferred stock dividends are accrued quarterly and paid in arrears. The Series A 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 have not been declared and/or paid. The following table shows the dividends per share of preferred stock declared and paid for each quarter in 2004 and 2003:

Quarters Ended	Series A Preferred Stock Dividends		Series B Preferred Stock Dividends	
	Declared	Paid	Declared	Paid
March 31, 2003	$0.57	$0.57	$0.57	$0.57
June 30, 2003	$0.57	$0.57	$0.57	$0.57
September 30, 2003	$0.61	$0.57	N/A	N/A
December 31, 2003	$0.61	$0.61	N/A	N/A
Quarters Ended				
March 31, 2004	$0.61	$0.61	N/A	N/A
June 30, 2004	$0.61	$0.61	N/A	N/A
September 30, 2004	$0.65	$0.61	N/A	N/A
December 31, 2004	$0.65	$0.65	N/A	N/A

The Company's existing financing agreements limit, and any other financing agreements that the Company enters into in the future will likely limit, the Company's ability to pay cash dividends. Specifically, the Company may pay cash dividends and make other distributions based on a formula derived from Funds from Operations (See Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds From Operations) and only if no event of default under the financing agreements has occurred, unless, under certain circumstances, payment of the distribution is necessary to enable the Company to qualify as a REIT under the Internal Revenue Code.

ISSUER PURCHASES OF EQUITY SECURITIES

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2004—October 31, 2004	0	N/A	N/A	N/A
November 1, 2004—November 30, 2004	1,643	$60.58	(1)	(1)
December 1, 2004—December 31, 2004	0	N/A	N/A	N/A
Total	1,643	$60.58	(1)	(1)

(1) *1,643 shares of the Company's Common Stock were delivered by an executive officer to pay the purchase price for the shares acquired upon exercise of his Company employee stock option. This tender of shares feature is permitted under the Company's equity incentive plans. The plans allow each participant to use the tender of shares feature upon exercise of any outstanding stock option granted under the plans provided such participant has held such stock for six months.*

Item 6. Selected Financial Data.

The following sets forth selected financial data for the Company on a historical 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 Selected Financial Data is presented on a consolidated basis. The limited partnership interests in the Operating Partnership (not owned by the REIT) are reflected as minority interest. Centers and entities in which the Company does not have a controlling ownership interest, even though in some cases the Company has the ability to exercise significant influence over operating and financial policies (Biltmore Fashion Park, Broadway Plaza, the Village at Corte Madera, Inland Center, NorthPark Center, Pacific Premier Retail Trust, SDG Macerich Properties, L.P., West Acres Shopping Center and certain Centers and entities in the Westcor portfolio) are accounted for using the equity method of accounting and are referred to as the "Joint Venture Centers."

Effective March 29, 2001, the Macerich Property Management Company merged with and into Macerich Property Management Company, LLC, a wholly-owned subsidiary of the Operating Partnership ("MPMC, LLC") and the Company began consolidating the accounts of MPMC, LLC. Effective July 1, 2003, the Company began consolidating the accounts of Macerich Management Company, in accordance with Financial Accounting Standards Board Interpretation Number ("FIN") 46 (See Note 2 of the Company's Consolidated Financial Statements). Effective July 26, 2002, the acquisition date of the Westcor portfolio, the Company began consolidating the Westcor Management Companies. Prior to March 29, 2001 and July 1, 2003, the Company accounted for Macerich Property Management Company and Macerich Management Company under the equity method of accounting, respectively. Accordingly, the net income that was allocable to the Company from Macerich Property Management Company prior to March 29, 2001 and Macerich Management Company prior to July 1, 2003 is included in the consolidated statements of operations as "Equity in income (loss) of unconsolidated joint ventures and management companies." Once each of these management companies was consolidated, including Westcor Management Companies, their respective revenues and expenses were included in the consolidated statements of operations as "Revenues—Management Companies" and "Management Companies' operating expenses", respectively.

(All amounts in thousands, except share and per share amounts)

	The Company				
	2004	2003	2002	2001	2000
OPERATING DATA:					
Revenues:					
Minimum rents(1)	$329,689	$286,298	$219,537	$189,838	$183,866
Percentage rents	17,654	12,427	10,735	11,976	11,984
Tenant recoveries	159,005	152,696	115,993	104,019	98,889
Management Companies(2)	21,751	14,630	4,826	312	—
Other	19,169	17,526	11,819	11,263	7,979
Total revenues	547,268	483,577	362,910	317,408	302,718
Shopping center and operating expenses	164,983	151,325	113,808	97,094	96,575
Management Companies' operating expenses(2)	38,298	31,587	13,181	8,515	—
REIT general and administrative expenses	11,077	8,482	7,435	6,780	5,509
Depreciation and amortization(1)	142,096	104,920	74,504	62,595	58,290
Interest expense	146,327	130,707	120,288	107,560	106,416
Income from continuing operations before minority interest, unconsolidated entities, gain (loss) on sale or write-down of assets and cumulative effect of change in accounting principle	44,487	56,556	33,694	34,864	35,928
Minority interest(3)	(19,870)	(28,907)	(20,189)	(19,001)	(12,168)
Equity in income of unconsolidated joint ventures and management companies(2)	54,881	59,348	43,049	32,930	30,322
Gain (loss) on sale or write down of assets	927	12,420	(3,820)	24,491	(2,773)
Loss on early extinguishment of debt	(1,642)	(170)	(3,605)	(2,034)	(304)
Cumulative effect of change in accounting principle(4)	—	—	—	—	(954)
Discontinued operations:(5)					
Gain on sale of assets	7,114	22,031	26,073	—	—
Income from discontinued operations	5,736	6,756	6,180	6,473	6,878
Net income	91,633	128,034	81,382	77,723	56,929
Less preferred dividends	9,140	14,816	20,417	19,688	18,958
Net income available to common stockholders	$82,493	$113,218	$60,965	$58,035	$37,971
Earnings per share ("EPS")—basic:(6)					
Income from continuing operations before cumulative effect of change in accounting principle	$1.23	$1.68	$0.98	$1.58	$0.98
Cumulative effect of change in accounting principle	—	—	—	—	(0.02)
Discontinued operations	0.18	0.43	0.65	0.14	0.15
Net income per share—basic	$1.41	$2.11	$1.63	$1.72	$1.11
EPS—diluted:(6)(8)(9)					
Income from continuing operations before cumulative effect of change in accounting principle	$1.22	$1.71	$0.98	$1.58	$0.98
Cumulative effect of change in accounting principle	—	—	—	—	(0.02)
Discontinued operations	0.18	0.38	0.64	0.14	0.15
Net income per share—diluted	$1.40	$2.09	$1.62	$1.72	$1.11

(All amounts in thousands)

	The Company December 31,				
	2004	2003	2002	2001	2000
BALANCE SHEET DATA					
Investment in real estate (before accumulated depreciation)	$4,149,776	$3,662,359	$3,251,674	$2,227,833	$2,228,468
Total assets	$4,637,096	$4,145,593	$3,662,080	$2,294,502	$2,337,242
Total mortgage, notes and debentures payable	$3,230,120	$2,682,598	$2,291,908	$1,523,660	$1,550,935
Minority interest(3)	$221,315	$237,615	$221,497	$113,986	$120,500
Series A and Series B Preferred Stock(7)	$98,934	$98,934	$247,336	$247,336	$247,336
Common stockholders' equity	$913,533	$953,485	$797,798	$348,954	$362,272
OTHER DATA:					
Funds from operations ("FFO")-diluted(7)	$299,172	$269,132	$194,643	$173,372	$166,281
Cash flows provided by (used in):					
Operating activities	$194,379	$202,783	$163,176	$140,506	$121,220
Investing activities	($479,252)	($328,372)	($875,032)	($57,319)	$2,083
Financing activities	$316,631	$115,703	$739,122	($92,990)	($127,485)
Number of centers at year end	84	78	79	50	51
Weighted average number of shares outstanding—EPS basic	58,537	53,669	37,348	33,809	34,095
Weighted average number of shares outstanding—EPS diluted(8)(9)	73,099	75,198	50,066	44,963	45,050
Cash distribution declared per common share	$2.48	$2.32	$2.22	$2.14	$2.06

(1) During 2001, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations ("SFAS 141"). (See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—Statement on Critical Accounting Policies"). The amortization of below market leases, which is recorded in minimum rents, was $9.2 million, $6.1 million and $1.1 million for the twelve months ending December 31, 2004, 2003 and 2002, respectively.

(2) Unconsolidated joint ventures include all Centers and entities in which the Company does not have a controlling ownership interest and for Macerich Management Company through June 30, 2003 and for Macerich Property Management Company through March 28, 2001. Effective March 29, 2001, the Macerich Property Management Company merged with and into MPMC, LLC. The Company accounts for the joint ventures using the equity method of accounting. Effective March 29, 2001, the Company began consolidating the accounts for MPMC, LLC. Effective July 1, 2003, the Company began consolidating the accounts of Macerich Management Company, in accordance with FIN 46. (See "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations—New Pronouncements Issued"). Effective July 26, 2002, the Company consolidated the accounts of the Westcor Management Companies.

(3) "Minority Interest" reflects the ownership interest in the Operating Partnership or other unconsolidated entities not owned by the REIT.

(4) In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements" ("SAB 101"), which became effective for periods beginning after December 15, 1999. SAB 101 modified the timing of revenue recognition for percentage rent received from tenants. This change will defer recognition of a significant amount of percentage rent for the first three calendar quarters into the fourth quarter. The Company applied this change in accounting principle as of January 1, 2000. The cumulative effect of this change in accounting principle at the adoption date of January 1, 2000, including the pro rata share of joint ventures of $0.8 million, was approximately $1.8 million.

(5) In October 2001, the Financial Accounting Standards Board ("FASB") issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"). SFAS 144 establishes a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. The Company adopted SFAS 144 on January 1, 2002.

The Company sold Boulder Plaza on March 19, 2002 and in accordance with SFAS 144 the results of Boulder Plaza for the periods from January 1, 2002 to March 19, 2002 and for the years ended December 31, 2001 and 2000 have been reclassified into discontinued operations. Total revenues associated with Boulder Plaza were approximately $0.5 million for the period January 1, 2002 to March 19, 2002 and $2.1 million and $2.7 million for the years ended December 31, 2001 and 2000, respectively.

Additionally, the Company sold its 67% interest in Paradise Village Gateway on January 2, 2003 (acquired in July 2002), and the loss on sale of $0.2 million has been reclassified to discontinued operations in 2003. Total revenues associated with

Paradise Village Gateway for the period ending December 31, 2002 were $2.4 million. The Company sold Bristol Center on August 4, 2003, and the results for the period January 1, 2003 to August 4, 2003 and for the years ended December 31, 2002, 2001 and 2000 have been reclassified to discontinued operations. The sale of Bristol Center resulted in a gain on sale of asset of $22.2 million in 2003. Total revenues associated with Bristol Center were approximately $2.5 million for the period January 1, 2003 to August 4, 2003 and $4.0 million, $3.3 million and $3.2 million for the years ended December 31, 2002, 2001 and 2000, respectively.

The Company sold Westbar on December 16, 2004, and the results for the period January 1, 2004 to December 16, 2004 and for the year ended December 31, 2003 and for the period July 26, 2002 to December 31, 2002 have been reclassified to discontinued operations. The sale of Westbar resulted in a gain on sale of asset of $6.8 million. Total revenues associated with Westbar was approximately $4.8 million for the period January 1, 2004 to December 17, 2004 and $5.7 million for the year ended December 31, 2003 and $2.1 million for the period July 26, 2002 to December 31, 2002.

Additionally, the results of Crossroads Mall in Oklahoma for the twelve months ending December 31, 2004, 2003, 2002, 2001 and 2000 have been reclassified to discontinued operations. The Company has identified this asset for disposition. Total revenues associated with Crossroads Mall was approximately $11.2 million, $12.2 million, $11.8 million, $12.0 million and $11.5 million for the years ended December 31, 2004, 2003, 2002, 2001 and 2000, respectively.

(6) *Earnings per share are based on SFAS No. 128 for all years presented.*

(7) *The Company uses Funds from Operations ("FFO") in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. FFO and FFO on a fully diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. FFO on a fully diluted basis is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities. FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. FFO as presented may not be comparable to similarly titled measures reported by other real estate investment trusts. For the reconciliation of FFO and FFO-diluted to net income see "Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds from Operations."*

In compliance with the Securities and Exchange Commission's Regulation G and Amended Item 10 of Regulation S-K relating to non-GAAP financial measures, the Company has revised its FFO definition as of January 1, 2003 and for all periods presented, to include gain or loss on sales of peripheral land, impairment of assets, losses on debt-related transactions and the effect of SFAS No. 141 to amortize the below market leases which are recorded in minimum rents. The Company's revised definition is in accordance with the definition provided by NAREIT.

The inclusion of gains (losses) on sales of peripheral land included in FFO for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 were $4.4 million (including $3.5 million from joint ventures at pro rata),$1.4 million (including $0.4 million from joint ventures at pro rata), $2.5 million (including $2.4 million from joint ventures at pro rata), $0.3 million (including $0.1 million from joint ventures at pro rata and ($0.7) million (including ($0.7) million from joint ventures at pro rata, respectively.

FFO for the years ended December 31, 2002, 2001 and 2000 have been restated to reflect the Company's share of impairment of assets and losses on debt-related transactions, the latter of which was previously reported as extraordinary items under GAAP. The Company's write-off of impairment of assets for 2002 was $13.3 million (including $10.2 million from joint ventures at pro rata). There were no write-offs of impairment of assets for the years ended December 31, 2001 or 2000. The Company's losses on debt-related transactions for the years ended December 31, 2002, 2001 and 2000 were $3.6 million, $2.0 million and $0.5 million (including $0.2 million from joint ventures at pro rata), respectively.

The computation of FFO-diluted includes the effect of outstanding common stock options and restricted stock using the treasury method. The Company had $125.1 million of convertible subordinated debentures (the "Debentures") which matured December 15, 2002. The Debentures were dilutive for the twelve month periods ending December 31, 2002, 2001 and 2000 and were included in the FFO calculation. The Debentures were paid off in full on December 13, 2002. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 16, 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 stock was dilutive to FFO in 2004, 2003, 2002, 2001 and 2000 and the preferred stock were dilutive to net income in 2003. All of the Series B Preferred Stock were converted to common stock on September 9, 2003.

(8) *Assumes that all OP Units and Westcor partnership units are converted to common stock on a one-for-one basis. The Westcor partnership units were converted into OP Units on July 27, 2004.*

(9) *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 uses Funds from Operations ("FFO") in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP), excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. FFO and FFO on a fully dilutive basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. FFO on a fully diluted basis is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities. FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. FFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts. For the reconciliation of FFO and FFO-diluted to net income available to common stockholders, see "Funds from Operations."

In compliance with the Securities and Exchange Commission's Registration G and Amended Item 10 of Registration S-K relating to non-GAAP financial measures, the Company has revised its FFO definition as of January 1, 2003 and for all periods presented, to include gain or loss or sales of peripheral land, impairment of assets, losses on debt-related transactions and the effect of SFAS No. 141 to amortize the market leases which are recorded in minimum rents. The Company's revised definition is in accordance with the definition provided by NAREIT.

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, 2004, 2003 and 2002. The following discussion compares the activity for the year ended December 31, 2004 to results of operations for the year ended December 31, 2003. Also included is a comparison of the activities for the year ended December 31, 2003 to the results for the year ended December 31, 2002. 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, acquisition, redevelopment and development opportunities, the Company's acquisition and other strategies, 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," "projects," "predicts," "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 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 the matters described herein and the following factors 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, Anchor or tenant bankruptcies, closures, mergers or consolidations, lease rates and terms, availability and cost of financing, interest rate fluctuations and operating expenses; adverse changes in the real estate markets including, among other things, competition from other companies, retail formats and technologies, risks of real estate redevelopment, development, acquisitions and dispositions; governmental actions and initiatives (including legislative and regulatory changes); environmental and safety requirements; and terrorist activities that could adversely affect all of the above factors. The Company will not update any forward-looking information to reflect actual results or changes in the factors affecting the forward-looking information.

Statement on Critical Accounting Policies

The Securities and Exchange Commission ("SEC") defines "critical accounting policies" as those that require application of management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain and may change in subsequent periods.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Some of these estimates and assumptions include judgements on revenue recognition, estimates for common area maintenance and real estate tax accruals, provisions for uncollectable accounts, impairment of long-lived assets, the allocation of purchase price between tangible and intangible assets, and estimates for environmental matters. The Company's significant accounting policies are described in more detail in Note 2 to the Consolidated Financial Statements. However, the following policies could be deemed to be critical within the SEC definition.

Revenue Recognition:

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." Currently, 52% of the mall and freestanding leases contain provisions for Consumer Price Index ("CPI") rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases. Percentage rents are recognized in accordance with Staff Accounting Bulletin 101. Percentage rents are accrued when the tenants' specified sales targets have been met. Estimated recoveries from tenants for real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred.

Property:

Costs related to the development, redevelopment, construction and improvement of properties are capitalized. Interest incurred or imputed on development, redevelopment and construction projects is capitalized until construction is substantially complete.

Maintenance and repairs expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc. are capitalized and depreciated over their estimated useful lives. 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 accounts for all acquisitions entered into subsequent to June 30, 2001 in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations ("SFAS 141"). The Company will first determine the value of the land and buildings utilizing an "as if vacant" methodology. The Company will then assign a fair value to any debt assumed at acquisition. The balance of the purchase price will be allocated to tenant improvements and identifiable intangible assets or liabilities. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair market value basis at acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under real estate investments and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) origination value, which represents the value associated with "cost avoidance" of acquiring in-place leases, such as lease commissions paid under terms generally experienced in our markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased; and (iii) above or below market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Origination value is recorded as an other asset and is amortized over the remaining lease terms. Value of in-place leases is recorded as another asset and amortized over the remaining lease term plus an estimate of renewal of the acquired leases. Above or below market leases are classified as an other asset or liability, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to rental revenue over the remaining terms of the leases.

When the Company acquires real estate properties, the Company allocates the components of these acquisitions using relative fair values computed using its estimates and assumptions. These estimates and assumptions impact the amount of costs allocated between various components as well as the amount of costs assigned to individual properties in multiple property acquisitions. These allocations also impact depreciation expense and gains or loses recorded on future sales of properties.

Generally, the Company engages a valuation firm to assist with the allocation.

The Company adopted SFAS 144 on January 1, 2002 which addresses financial accounting and reporting for the impairment or disposal of long-lived assets.

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 tenant's ability to perform their duties and pay rent under the terms of the leases. The Company may recognize an impairment loss if the cash flows are not sufficient to cover its investment. Such a loss would be determined as the difference between the carrying value and the fair value of a center.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. Cost relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. In-place lease values are amortized over the remaining lease term plus an estimate of renewal. Leasing commissions and legal costs are amortized on a straight-line basis over the individual remaining lease years. The range of the terms of the agreements are as follows:

Deferred lease costs	1-15 years
Deferred financing costs	1-15 years
In-place lease values	Remaining lease term plus an estimate for renewal (weighted average 17 years)
Leasing commissions and legal costs	5-10 years

Off-Balance Sheet Arrangements:

The Company has an ownership interest in a number of joint ventures as detailed in Note 3 to the Company's Consolidated Financial Statements included herein. The Company accounts for those investments using the equity method of accounting and those investments are reflected on the Consolidated Balance Sheets of the Company as "Investments in Unconsolidated Joint Ventures." A pro rata share of the mortgage debt on these properties is shown in Item 2. Properties—Mortgage Debt. In addition, the following joint ventures also have debt that could become recourse debt to the Company or its subsidiaries, in excess of its pro rata share, should the partnership be unable to discharge the obligations of the related debt:

Asset/Property	Maximum amount of debt principal that could be recourse to the Company (Dollars in thousands)	Maturity Date
Boulevard Shops	$10,722	1/1/2006
Chandler Village Center	13,446	12/19/2006
Total	$24,168	

The above amounts decreased by $13.2 million from December 31, 2003.

Additionally, as of December 31, 2004, the Company has certain obligations of $6.9 million in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

Long-term contractual obligations:

The following is a schedule of long-term contractual obligations (as of December 31, 2004) for the consolidated Centers over the periods in which they are expected to be paid:

		Payment Due by Period			
Contractual Obligations (Dollars in thousands)	**Total**	**Less than 1 year**	**1-3 years**	**3-5 years**	**More than five years**
Long-term debt obligations (includes expected interest payments)	$ 3,400,636	$ 193,405	$ 1,313,162	$ 753,838	$ 1,140,231
Operating lease obligations	479,901	3,395	6,943	11,393	458,170
Purchase obligations	5,138	5,138	—	—	—
Other long-term liabilities	173,194	173,194	—	—	—
Total	$ 4,058,869	$ 375,132	$ 1,320,105	$ 765,231	$ 1,598,401

The following table reflects the Company's acquisitions in 2002, 2003 and 2004.

Property/Entity	Date Acquired	Location
2002 Acquisitions:		
The Oaks	June 10, 2002	Thousand Oaks, California
Westcor Realty Limited Partnership	July 26, 2002	Nine regional and super-regional malls in Phoenix and Colorado and 18 urban villages or community centers. The aggregate gross leasable area was approximately 14.1 million square feet. Additionally, the portfolio included two retail properties under development, as well as rights to over 1,000 acres of undeveloped land.
2003 Acquisitions:		
FlatIron Crossing	January 31, 2003	Broomfield, Colorado
Northridge Mall	September 15, 2003	Salinas, California
Biltmore Fashion Park	December 18, 2003	Phoenix, Arizona
2004 Acquisitions:		
Inland Center	January 30, 2004	San Bernardino, California
Northpark Center	May 11, 2004	Dallas, Texas
Mall of Victor Valley	July 1, 2004	Victor Valley, California
La Cumbre Plaza	July 20, 2004	Santa Barbara, California
Fiesta Mall	November 16, 2004	Mesa, Arizona
Paradise Village Ground Leases, Village Center, Village Crossroads, Village Fair and Paradise Village Office Park	December 30, 2004	Phoenix, Arizona

The financial statements reflect the following acquisitions, dispositions and changes in ownership subsequent to the occurrence of each transaction.

On March 19, 2002, the Company sold Boulder Plaza, a 159,238 square foot community center in Boulder, Colorado for $24.7 million. The proceeds from the sale were used for general corporate purposes.

On June 10, 2002, the Company acquired The Oaks, a 1.1 million square foot super-regional mall in Thousand Oaks, California. The total purchase price was $152.5 million and was funded with $108.0 million of debt, bearing interest at LIBOR plus 1.15%, placed concurrently with the acquisition. The balance of the purchase price was funded by cash and borrowings under the Company's line of credit. The Oaks is referred to herein as the "2002 Acquisition Center."

On July 26, 2002, the Operating Partnership acquired Westcor Realty Limited Partnership and its affiliated companies ("Westcor"). The total purchase price was approximately $1.475 billion including the assumption of $733 million in existing debt and the issuance of approximately $72 million of convertible preferred partnership units of the Operating Partnership at a price of $36.55 per unit. Additionally, $18.9 million of partnership units of Westcor Realty Limited Partnership were issued to limited partners of Westcor which, subject to certain conditions, can be converted on a one for one basis into partnership units of the Operating Partnership. The balance of the purchase price was paid in cash which was provided primarily from a $380.0 million interim credit facility, which was subsequently paid in full in 2002 and a $250.0 million term loan, which was subsequently paid in full in 2004.

On November 8, 2002, the Company purchased its joint venture partner's interest in Panorama City Associates, which owns Panorama Mall in Panorama, California. The purchase price was approximately $23.7 million.

On December 24, 2002, the former Montgomery Ward site at Pacific View Mall in Ventura, California was sold for approximately $15.4 million. The proceeds from the sale were used to repay a portion of the term loan.

On January 2, 2003, the Company sold its 67% interest in Paradise Village Gateway, a 296,153 square foot Phoenix area urban village, for approximately $29.4 million. The proceeds from the sale were used to repay a portion of the term loan. The sale resulted in a loss on sale of asset of $0.2 million.

On January 31, 2003, the Company purchased its joint venture partner's 50% interest in FlatIron Crossing. The purchase price consisted of approximately $68.3 million in cash plus the assumption of the joint venture partner's share of debt of $90.0 million.

On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for a total purchase price of approximately $65.9 million, which included the assumption of a proportionate amount of the partnership debt in the amount of approximately $34.7 million. The Company retained a 50.1% partnership interest and has continued leasing and managing the asset. The sale resulted in a gain on sale of asset of $8.8 million.

On June 6, 2003, the Shops at Gainey Village, a 138,000 square foot Phoenix area specialty center, was sold for $55.7 million. The Company, which owned 50% of this property, received total proceeds of $15.8 million and recorded a gain on sale of asset of $2.8 million.

On August 4, 2003, the Company sold Bristol Center, a 161,000 square foot community center in Santa Ana, California. The sales price was approximately $30.0 million and the Company recorded a gain on sale of asset of $22.2 million which is reflected in discontinued operations.

On September 15, 2003, the Company acquired Northridge Mall, an 863,832 square foot super-regional mall in Salinas, California. The total purchase price was $128.5 million and was funded by sale proceeds from Bristol Center and borrowings under the Company's line of credit. Northridge Mall is referred herein as the "2003 Acquisition Center."

On December 18, 2003, the Company acquired Biltmore Fashion Park, a 608,976 square foot regional mall in Phoenix, Arizona. The total purchase price was $158.5 million, which included the assumption of $77.4 million of debt. The Company also issued 705,636 partnership units of the Operating Partnership at a price of $42.80 per unit. The balance of the Company's 50% share of the purchase price of

$10.5 million was funded by cash and borrowings under the Company's line of credit. The mall is owned in a 50/50 joint venture with an institutional partner.

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63.3 million and concurrently with the acquisition, the joint venture placed a $54.0 million fixed rate loan on the property. The Company's share of the remainder of the purchase price was funded by cash and borrowings under the Company's line of credit.

On May 11, 2004, the Company acquired an ownership interest in NorthPark Center, a 1.3 million square foot regional mall in Dallas, Texas. The Company's initial investment in the property was $30.0 million which was funded by borrowings under the Company's line of credit. In addition, the Company assumed a pro rata share of debt of $86.6 million and has committed to fund an additional $45.0 million. As of December 31, 2004, the Company's total investment in the joint venture was $49.1 million.

On July 1, 2004, the Company acquired the Mall of Victor Valley in Victorville, California and on July 20, 2004, the Company acquired La Cumbre Plaza in Santa Barbara, California. The Mall of Victor Valley is a 508,000 square foot regional mall and La Cumbre Plaza is a 494,000 square foot regional mall. The combined total purchase price was $151.3 million. The purchase price for the Mall of Victor Valley included the assumption of an existing fixed rate loan of $54.0 million at 5.25% maturing in March, 2008. Concurrent with the closing of La Cumbre Plaza, a $30.0 million floating rate loan was placed on the property with an initial interest rate of 2.29%. The balance of the purchase price was paid in cash and borrowings from the Company's revolving line of credit.

On November 16, 2004, the Company acquired Fiesta Mall, a 1 million square foot super regional mall in Mesa, Arizona. The total purchase price was $135.2 million which was funded by borrowings under the Company's line of credit. On December 2, 2004, the Company placed a ten year $84.0 million fixed rate loan at 4.88% on the property.

On December 16, 2004, the Company sold the Westbar property, a Phoenix area property that consisted of a collection of ground leases, a shopping center, and land for $47.5 million. The sale resulted in a gain on sale of asset of $6.8 million.

On December 30, 2004, the Company purchased the unaffiliated owners' 50% tenants in common interest in Paradise Village Ground Leases, Village Center, Village Crossroads, Village Fair and Paradise Village Office Park II. All of these assets are located in Phoenix, Arizona. The total purchase price was $50.0 million which included the assumption of the unaffiliated owners' share of debt of $15.2 million. The balance of the purchase price was paid in cash and borrowings from the Company's line of credit. Accordingly, the Company now owns 100% of these assets.

The Mall of Victor Valley, La Cumbre Plaza and Fiesta Mall are referred to herein as the "2004 Acquisition Centers."

Biltmore Fashion Park, Inland Center and NorthPark Center are joint ventures and these properties are reflected using the equity method of accounting. The Company's share of these results of these acquisitions are reflected in the consolidated results of operations of the Company in the income statement line item entitled "Equity in income of unconsolidated joint ventures and the management company."

Many of the variations in the results of operations, discussed below, occurred due to the transactions described above including the acquisition of the Westcor portfolio, the 2002 Acquisition Center, the 2003 Acquisition Center and the 2004 Acquisition Centers. Biltmore Fashion Park, Inland Center and NorthPark Center are referred to herein as the "Joint Venture Acquisition Centers." 29th Street, Parklane Mall, Santa Monica Place and Queens Center are currently under redevelopment and are referred to herein as the "Redevelopment Centers." La Encantada and Scottsdale 101 are currently under development and are referred herein as the "Development Properties." All other Centers, excluding the Redevelopment Centers, the Development Properties, the Village at Corte Madera, FlatIron Crossing, the 2002 Acquisition Center, the Westcor portfolio, the 2003 Acquisition Center, the 2004 Acquisition Centers and the Joint Venture Acquisition Centers, are referred to herein as the "Same Centers," unless the context otherwise requires.

Revenues include rents attributable to the accounting practice of straight-lining of rents which requires rent to be recognized each year in an amount equal to the average rent over the term of the lease, including fixed rent increases over that period. The amount of straight-lined rents, included in consolidated revenues, recognized in 2004 was $1.0 million compared to $2.9 million in 2003 and $1.2 million in 2002. Additionally, the Company recognized through equity in income of unconsolidated joint ventures, $1.0 million as its pro rata share of straight-lined rents from joint ventures in 2004 compared to $1.9 million in 2003 and $2.3 million in 2002. These variances resulted from the Company structuring the majority of its new leases using an annual multiple of CPI increases, which generally do not require straight-lining treatment. Currently, 52% of the mall and freestanding leases contain provisions for CPI rent increases periodically throughout the term of the lease. The Company believes that using an annual multiple of CPI increases, rather than fixed contractual rent increases, results in revenue recognition that more closely matches the cash revenue from each lease and will provide more consistent rent growth throughout the term of the leases.

The Company's historical growth in revenues, net income and Funds From Operations have been closely tied to the acquisition and redevelopment of shopping centers. Many factors, including the availability and cost of capital, the Company's total amount of debt outstanding, interest rates and the availability of attractive acquisition targets, among others, will affect the Company's ability to acquire and redevelop additional properties in the future. The Company may not be successful in pursuing acquisition opportunities and newly acquired properties may not perform as well as expected in terms of achieving the anticipated financial and operating results. Acquiring a portfolio of properties increases the risk associated with new acquisitions. Increased competition for acquisitions may impact adversely the Company's ability to acquire additional properties on favorable terms. Expenses arising from the Company's efforts to complete acquisitions, redevelop properties or increase its market penetration may have an adverse effect on its business, financial condition and results of operations. In addition, the following describes some of the other significant factors that may impact the Company's future results of operations.

General Factors Affecting the Centers; Competition: Real property investments are subject to varying degrees of risk that may affect the ability of the Centers to generate sufficient revenues to meet operating and other expenses, including debt service, lease payments, capital expenditures and tenant improvements, and to make distributions to the Company and the Company's stockholders. Income from shopping center properties may be adversely affected by a number of factors, including: the national economic climate; the regional and local economy (which may be adversely impacted by plant closings, industry slowdowns, union activities, adverse weather conditions, natural disasters, terrorist activities, and other factors); local real estate conditions (such as an oversupply of, or a reduction in demand for, retail space or retail goods and the availability and creditworthiness of current and prospective tenants); perceptions by retailers or shoppers of the safety, convenience and attractiveness of the shopping center; and increased costs of maintenance, insurance and operations (including real estate taxes). A significant percentage of the Centers are located in California, the Westcor centers are concentrated in Arizona and upon completion of the Wilmorite acquisition, 12 centers will be located in New York, New Jersey or Connecticut. To the extent that economic or other factors affect California, Arizona, New York, New Jersey or Connecticut (or their respective regions generally) more severely than other areas of the country, the negative impact on the Company's economic performance could be significant. There are numerous shopping facilities that compete with the Centers in attracting tenants to lease space, and an increasing number of new retail formats and technologies other than retail shopping centers that compete with the Centers for retail sales (see "Business—Competition"). Increased competition could adversely affect the Company's revenues. Income from shopping center properties and shopping center values are also affected by such factors as applicable laws and regulations, including tax, environmental, safety and zoning laws (see "Business—Environmental Matters"), interest rate levels and the availability and cost of financing.

Dependence on Anchors/Tenants: The Company's revenues and funds available for distribution would be adversely affected if a significant number of the Company's tenants were unable (due to poor operating results, bankruptcy, terrorist activities or other reasons) to meet their obligations, if the Company were unable to lease a significant amount of space in the Centers on economically favorable terms, or if for any reason, the Company were unable to collect a significant amount of rental payments. A decision by an Anchor or a significant tenant to cease operations at a Center could also have an adverse effect on the Company. In addition, mergers, acquisitions, consolidations, dispositions or bankruptcies in the retail industry could result in the loss of Anchors or tenants at one or more Centers. The bankruptcy and/or closure of retail stores, or sale of a store or stores to a less desirable retailer, may reduce occupany levels and rental income, or otherwise adversely affect the Company's financial performance. (See "Business—Bankruptcy and/or Closure of Retail Stores.") Furthermore, if the store sales of retailers operating in the Centers were to decline sufficiently, tenants might be unable to pay their minimum rents or expense recovery charges. In the event of a default by a tenant, the Center may also experience delays and costs in enforcing its rights as landlord.

Real Estate Development Risks: The Company's business strategy includes the selective development and construction of retail properties. Any development, redevelopment and construction activities that the Company undertakes will be subject to the risks of real estate development, including lack of financing, construction delays, environmental requirements, budget overruns, sunk costs and lease-up. Furthermore, occupancy rates and rents at a newly completed property may not be sufficient to make the property profitable. Real estate development activities are also subject to risks relating to the inability to obtain, or delays in obtaining, all necessary zoning, land-use, building, occupancy and other required governmental permits and authorizations. If any of the above events occur, the ability to pay distributions and service the Company's indebtedness could be adversely affected.

Joint Venture Centers: The Company indirectly owns partial interests in 38 Joint Venture Centers as well as fee title to a site that is ground leased to the entity that owns a Joint Venture Center and several development sites. The Company may also acquire partial interests in additional properties through joint venture arrangements. Investments in Joint Venture Centers involve risks different from those of investments in wholly-owned Centers. The Company may have fiduciary responsibilities to its partners that could affect decisions concerning the Joint Venture Centers. In certain cases, third parties share with the Company or have (with respect to one Joint Venture Center) control of major decisions relating to the Joint Venture Centers, including decisions with respect to sales, financings and the timing and amount of additional capital contributions, as well as decisions that could have an adverse impact on the Company's REIT status. In addition, some of the Company's outside partners control the day-to-day operations of eight Joint Venture Centers. The Company therefore does not control cash distributions from these Centers and the lack of cash distributions from these Centers could jeopardize the Company's ability to maintain its qualification as a REIT.

Uninsured Losses: Each of the Centers has comprehensive liability, fire, extended coverage and rental loss insurance with insured limits customarily carried for similar properties. The Company does not insure certain types of losses (such as losses from wars), because they are either uninsurable or not economically insurable. In addition, while the Company or the relevant joint venture, as applicable, carries earthquake insurance on the Centers located in California, the policies are subject to a deductible equal to 5% of the total insured value of each Center, a $100,000 per occurrence minimum and a combined annual aggregate loss limit of $200 million on these Centers. While the Company or the relevant joint venture also carries terrorism insurance on the Centers, the policies are subject to a $10,000 deductible and a combined annual aggregate loss of $400 million for both certified and non-certified acts of terrorism. Furthermore, the Company carries title insurance on substantially all of the Centers for less than their full value. If an uninsured loss or a loss in excess of insured limits occurs, the Operating Partnership or the entity, as the case may be, that owns the affected Center could lose its capital invested in the Center, as well as the anticipated future revenue from the Center, while remaining obligated for any mortgage indebtedness or other financial obligations related to the Center. There is also no assurance that the Company will be able to maintain its current insurance coverage. An uninsured loss or loss in excess of insured limits may negatively impact the Company's financial condition.

REIT Qualification: Qualification as a REIT involves the application of highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations. The complexity of these provisions and of the applicable income tax regulations is greater in the case of a REIT such as the Company that holds its assets in partnership form. The determination of various factual matters and circumstances not entirely within the Company's control, including by the Company's partners in the Joint Venture Centers, may affect its ability to qualify as a REIT. In addition, legislation, new regulations, administrative interpretations or court decisions could significantly change the tax laws with respect to the Company's qualification as a REIT or the federal income tax consequences of that qualification.

If in any taxable year the Company fails to qualify as a REIT, the Company will suffer the following negative results:

- the Company will not be allowed a deduction for distributions to stockholders in computing its taxable income; and
- the Company will be subject to federal income tax on its taxable income at regular corporate rates.

In addition, the Company will be disqualified from treatment as a REIT for the four taxable years following the year during which the qualification was lost, unless the Company was entitled to relief under statutory provisions. As a result, net income and the funds available for distribution to the Company's stockholders will be reduced for five years. Furthermore, the Internal Revenue Service could challenge the Company's REIT status for post periods, which if successful, could result in the Company owing a material amount of tax for prior periods. It is also possible that future economic, market, legal, tax or other considerations might cause the Board of Directors to revoke the Company's REIT election.

Potential Conflicts of Interest. Each of Mace Siegel, Arthur Coppola, Dana Anderson and Edward Coppola (the "principals") serve as executive officers of the Company and are members of its board of directors. Accordingly, these principals have substantial influence over its management and the management of the Operating Partnership. Certain interests of the principals may cause a potential conflict of interest with the Company and its stockholders. The principals will experience negative tax consequences if some of the Centers are sold. As a result, the principals may not favor a sale of these Centers even though such a sale may benefit other Company stockholders. The principals also have guaranteed mortgage loans encumbering one of the Centers in an aggregate principal amount of approximately $21.75 million. The existence of these loans by the principals could result in the principals having interests that are inconsistent with the interests of the Company and its stockholders. Finally, the principals may have different interests than the Company's stockholders in certain corporate transactions because they are significant OP Unit holders in the Operating Partnership.

Assets and Liabilities

Total assets increased to $4.6 billion at December 31, 2004 compared to $4.1 billion at December 31, 2003 and $3.7 billion at December 31, 2002. During that same period, total liabilities were $3.4 billion in 2004, $2.9 billion in 2003, and $2.4 billion in 2002. These changes were primarily a result of the 2004, 2003 and 2002 acquisitions and various debt and equity transactions.

Recent Developments

A. Acquisitions

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63.3 million and concurrently with the acquisition, the joint venture placed a $54.0 million fixed rate loan on the property. The balance of the Company's pro rata share of the purchase price was funded by cash and borrowings under the Company's line of credit.

On May 11, 2004, the Company acquired an ownership interest in NorthPark Center, a 1.3 million square foot regional mall in Dallas, Texas. The Company's initial investment in the property was $30.0 million which was funded by borrowings under the Company's line of credit. In addition, the Company assumed a pro rata share of debt of $86.6 million and has committed to fund an additional $45.0 million. As of December 31, 2004, the Company's total investment in the joint venture was $49.1 million.

On July 1, 2004, the Company acquired the Mall of Victor Valley in Victorville, California and on July 20, 2004, the Company acquired La Cumbre Plaza in Santa Barbara, California. The Mall of Victor Valley is a 508,000 square foot regional mall and La Cumbre Plaza is a 494,000 square foot regional mall. The combined total purchase price was $151.3 million. The purchase price for the Mall of Victor Valley included the assumption of an existing fixed rate loan of $54.0 million at 5.25% maturing in March, 2008. Concurrent with the closing of La Cumbre Plaza, a $30.0 million floating rate loan was placed on the property with an initial interest rate of 2.29%. The balance of the purchase price was paid in cash and borrowings from the Company's revolving line of credit.

On November 16, 2004, the Company acquired Fiesta Mall, a 1 million square foot super regional mall in Mesa, Arizona. The total purchase price was $135.2 million which was funded by borrowings under the Company's line of credit. On December 2, 2004, the Company placed a ten year $84.0 million fixed rate loan at 4.88% on the property.

On December 23, 2004, the Company announced that it had signed a definitive agreement to acquire Wilmorite Properties, Inc. and Wilmorite Holdings L.P. ("Wilmorite"). The total purchase price will be approximately $2.33 billion, including the assumption of approximately $878 million of existing debt at an average interest rate of 6.43% and the issuance of convertible preferred units and common units totaling an estimated $320 million. Approximately $210 million of the convertible preferred units can be redeemed, subject to certain conditions, for that portion of the Wilmorite portfolio generally located in the greater Rochester area. The balance of the consideration to Wilmorite's equity holders will be paid in cash. This transaction has been approved by each company's Board of Directors, subject to customary closing conditions. A majority-in-interest of the limited partners of Wilmorite Holdings L.P. and of the stockholders of its general partner, Wilmorite Properties, Inc., have also approved this acquisition. It is currently anticipated that this transaction will be completed in April, 2005. Wilmorite's existing portfolio includes interests in 11 regional malls and two open-air community centers, with 13.4 million square feet of space located in Connecticut, New York, New Jersey, Kentucky and Virginia. Approximately 5 million square feet of gross leaseable area is located at three premier regional malls: Tysons Corner Center in McLean, Virginia, Freehold Raceway Mall in Freehold, New Jersey and Danbury Fair Mall in Danbury, Connecticut.

On December 30, 2004, the Company purchased the unaffiliated owners' 50% tenants in common interest in Paradise Village Ground Leases, Village Center, Village Crossroads, Village Fair and Paradise Village Office Park II. All of these assets are located in Phoenix, Arizona. The total purchase price was $50.0 million which included the assumption of the unaffiliated owners' share of debt of $15.2 million. The balance of the purchase price was paid in cash and borrowings from the Company's line of credit. Accordingly, the Company now owns 100% of these assets.

On January 11, 2005, the Company became a 15% owner in a joint venture that acquired Metrocenter, a 1.4 million square foot super-regional mall in Phoenix, Arizona. The total purchase price was $160 million and concurrently with the acquisition, the joint venture placed a $112 million loan on the property. The Company's share of the purchase price, net of the debt, was $7.2 million which was funded by cash and borrowings under the Company's line of credit.

Effective January 21, 2005, the Company formed a 50/50 joint venture with a private investment company. The joint venture acquired a 49% interest in Kierland Commons, a 320,000 square foot mixed use center in Scottsdale, Arizona. The joint venture's purchase price for the interest in the center was $49.0 million. The Company assumed its share of the underlying property debt and funded the remainder of its share of the purchase price by cash and borrowings under the Company's line of credit.

B. Financing Activity

On February 18, 2004, the Company placed a $79.9 million floating rate loan on the Center at Salisbury. The loan floats at LIBOR plus 1.375% and matures February 20, 2006.

On June 30, 2004, the Company placed a new $85.0 million loan maturing in 2009 on Northridge Mall. The loan floats at LIBOR plus 2.0% for six months and then converts to a fixed rate loan at 4.94%.

On July 19, 2004, the Company placed a new $75.0 million fixed rate loan on Redmond Town Center. The new fixed rate loan bears interest at 4.81%. The proceeds were used to pay off the old $58.4 million loan and a $10.6 million loan at Washington Square. Both loans which were paid off had interest rates of 6.5%.

On July 30, 2004, the Company amended and expanded its revolving line of credit from $425.0 million to $1.0 billion and extended the maturity to July 30, 2007, plus a one year extension. The interest rate was reduced to 1.5% over LIBOR based on the Company's current leverage level.

On October 7, 2004, the Company placed an additional loan for $35.0 million at Washington Square. The loan will mature February 1, 2009 and the interest rate floats at LIBOR plus 2.0%. The proceeds from this loan paid off existing loans at Cascade Mall and Northpoint Plaza totaling $24.0 million at fixed interest rates of 6.5%.

C. Redevelopment and Development Activity

At Queens Center, the multi-phased $275 million redevelopment and expansion had its grand opening the weekend of November 19, 2004. The project increased the size of the center from 620,000 square feet to approximately 1 million square feet.

At Washington Square in suburban Portland, the Company is proceeding with an expansion project which consists of the addition of 80,000 square feet of shop space. The expansion is underway with substantial completion expected in the fourth quarter of 2005.

In Boulder, Colorado, the Company has received final approval from the City of Boulder's Planning Board for its proposal to transform Crossroads Mall into "Twenty Ninth Street"—an open-air retail, entertainment, restaurant and office district. Macerich has reached agreement with anchors, Century

Theatres, Home Depot and Wild Oats Market. Wild Oats and Century will join existing anchor Foley's which is the remaining retailer from the original mall. Twenty Ninth Street is expected to represent approximately 816,000 square feet of GLA upon completion of the project.

The development of San Tan Village progresses. The 500 acre master planned Gilbert project will unfold during several phases of development which will be driven by market and retailers' needs. Upon full completion, San Tan Village is expected to represent approximately 3 million square feet of retail space. Phase I, featuring a 29 acre full service power center, will open a Wal-Mart in 2005 followed by a Sam's Club later in the year. Phase II represents an additional 308,000 square feet of gross leaseable area. Phase II is projected to open September 2005. The regional shopping center component of San Tan Village lies on 120 acres and will represent approximately 1.3 million square feet. Infrastructure improvements are underway. The entertainment district could open as early as 2006 followed by a projected fall 2007 opening for the majority of the balance of the center.

At NorthPark Center in Dallas, Texas, the joint venture is proceeding with an expansion project which consists of the addition of Nordstrom, AMC Theatres and new specialty retail space which will increase the size of the center from 1.3 million square feet to more than 1.9 million square feet. The project is being built in phases and is being managed by the Company's joint venture partner.

D. Dispositions

On December 16, 2004, the Company sold the Westbar property, a Phoenix area property that consisted of a collection of ground leases, a shopping center, and land for $47.5 million. The sale resulted in a gain on sale of asset of $6.8 million.

Comparison of Years Ended December 31, 2004 and 2003

Revenues

Minimum and percentage rents increased by 16.3% to $347.3 million in 2004 from $298.7 million in 2003. Approximately $11.7 million of the increase relates to the Same Centers, $0.8 million of the increase relates to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing, $7.4 million relates to the 2003 Acquisition Center, $10.1 million relates to the 2004 Acquisition Centers and $22.0 million relates to the Redevelopment and Development Centers, primarily Queens Center, La Encantada and Scottsdale 101 where phases of the developments have been completed. Additionally, these increases in minimum and percentage rents are offset by decreasing revenues of $3.4 million related to the Company's sale of a 49.9% interest in the Village at Corte Madera.

During 2001, the Company adopted SFAS 141. (See "Statement on Critical Accounting Policies"). The amortization of below market leases, which is recorded in minimum rents, increased to $9.2 million in 2004 from $6.1 million in 2003. The increase is primarily due to the 2003 Acquisition Center, 2004 Acquisition Centers and the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing.

Tenant recoveries increased to $159.0 million in 2004 from $152.7 in 2003. Approximately $0.1 million relates to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing,

$3.4 million relates to the Redevelopment and Development Centers, primarily Queens Center, La Encantada and Scottsdale 101, $4.4 million relates to the 2003 Acquisition Center and $3.7 million relates to the 2004 Acquisition Centers. This is offset by a $3.8 million decrease due to a change in estimated recovery rates at the Same Centers and a $1.1 million decrease relating to the Company's sale of a 49.9% partnership interest in the Village at Corte Madera.

Management Companies

Revenues increased by 49.3% to $21.8 million in 2004 compared to $14.6 million in 2003 primarily due to consolidating Macerich Management Company effective July 1, 2003 in accordance with FIN 46. Prior to July 1, 2003, the Macerich Management Company was accounted for using the equity method of accounting.

Expenses

Shopping center and operating expenses increased to $165.0 million in 2004 compared to $151.3 million in 2003. The increase is a result of $4.6 million related to the 2003 Acquisition Center, $4.2 million due to the 2004 Acquisition Centers, $7.3 million related to the Redevelopment and Development Centers, primarily Queens Center, La Encantada and Scottsdale 101, $0.1 million related to the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing and $5.3 million relating to the Same Centers due to increases in recoverable and non-recoverable expenses. This is offset by a decrease of non-recoverable expenses due to a write-off of a $6.4 million compensation liability and a $1.4 million decrease related to the Company's sale of a 49.9% partnership interest in the Village at Corte Madera.

Management Companies' Operating Expenses

Expenses increased by 21.2% to $38.3 million in 2004 from $31.6 million in 2003 primarily due to consolidating Macerich Management Company effective July 1, 2003 in accordance with FIN 46. Prior to July 1, 2003, the Macerich Management Company was accounted for using the equity method of accounting.

REIT General and Administrative Expenses

REIT general and administrative expenses increased to $11.1 million in 2004 from $8.5 million in 2003, primarily due to increases in professional services and stock-based compensation expense.

Depreciation and Amortization

Depreciation and amortization increased to $142.1 million in 2004 from $104.9 million in 2003. Approximately $3.3 million of the increase relates to the 2003 Acquisition Center, $7.8 million relates to the 2004 Acquisition Centers, $2.0 million relates to consolidating Macerich Management Company effective July 1, 2003, $3.8 million relates to additional capital expenditures at the Same Centers and $8.5 million relates to Queens Center, La Encantada and Scottsdale 101. As a result of SFAS 141, an additional $12.9 million of depreciation and amortization was recorded for the twelve months ending December 31, 2004 compared to the same period in 2003 due to the reclassification of the purchase price of 2002, 2003 and 2004 acquisitions between buildings and into the value of in-place leases, tenant improvements and lease commissions all of which have shorter depreciable lives than buildings. This is offset by a $1.1 million decrease relating to the sale of 49.9% of the partnership interest in the Village at Corte Madera.

Interest Expense

Interest expense increased to $146.3 million in 2004 from $130.7 million in 2003. Approximately $4.5 million of the increase relates to the refinancing of FlatIron Crossing on November 4, 2003, $4.8 million relates to the $250 million of unsecured notes issued on May 13, 2003, $5.3 million relates to increased borrowings on the Company's line of credit, $2.0 million relates to the 2003 Acquisition Center, $2.0 million relates to the 2004 Acquisition Centers and $8.7 million relates primarily to Queens Center, La Encantada and Scottsdale 101. These increases are offset by $2.0 million, which relates to the Company's sale of a 49.9% partnership interest in the Village at Corte Madera, $4.1 million relates to the payoff of the $196.5 million term loan on July 30, 2004, $2.5 million relates to the payoff of the 29th Street loan on February 3, 2004 and $5.9 million relates to other financing activity at the Same Centers. Capitalized interest was $8.9 million in 2004, down from $12.1 million in 2003.

Minority Interest

The minority interest represents the 19.5% weighted average interest of the Operating Partnership not owned by the Company during 2004. This compares to 20.74% not owned by the Company during 2003.

Equity in Income from Unconsolidated Joint Ventures and Macerich Management Company

The income from unconsolidated joint ventures and the Macerich Management Company was $54.9 million for 2004, compared to income of $59.3 million in 2003. This decrease is primarily due to increased depreciation relating to SFAS 141 on the Joint Venture Acquisition Centers and consolidating Macerich Management Company effective July 1, 2003 in accordance with FIN 46. Prior to July 1, 2003, the Macerich Management Company was accounted for using the equity method of accounting.

Loss on Early Extinguishment of Debt

In 2004, the Company recorded a loss from early extinguishment of debt of $1.6 million related to the payoff of a loan at one of the Redevelopment Centers and the payoff of the $196.8 million term loan.

Gain on Sale of Assets

In 2004, a gain of $0.9 million was recorded relating to land sales compared to $1.0 million of land sales in 2003. A gain of $12.4 million in 2003 represents primarily the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera on May 15, 2003 and the sale of the Shops at Gainey Village.

Discontinued Operations

In 2004, the $7.1 million gain on sale relates primarily to the sale of the Westbar property. The gain on sale of $22.0 million in 2003 relates primarily to the sale of Bristol Center on August 4, 2003.

Net Income Available to Common Stockholders

Primarily as a result of the sale of Bristol Center in 2003, the purchase of the 2003 Acquisition Center and the 2004 Acquisition Centers, the sale of 49.9% of the partnership interest in the Village at Corte Madera, the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing, the change in depreciation expense due to SFAS 141, the redevelopment of Queens Center, the developments of La Encantada and Scottsdale 101 and the foregoing results, net income available to common stockholders decreased to $82.5 million in 2004 from $113.2 million in 2003.

Operating Activities

Cash flow from operations was $194.4 million in 2004 compared to $202.8 million in 2003. The decrease is primarily due to the foregoing results at the Centers as mentioned above.

Investing Activities

Cash used in investing activities was $479.3 million in 2004 compared to cash used in investing activities of $328.4 million in 2003. The change resulted primarily from the proceeds of $107.2 million received in 2003 from the sale of Paradise Village Gateway, the Shops at Gainey Village, Bristol Center and the 49.9% interest in the Village at Corte Madera which is offset by increased contributions to joint ventures and acquisitions of joint ventures, $291.5 million relating to the 2004 Acquisition Centers and by the Company's purchase of its joint venture partner's 50% interest in FlatIron Crossing on January 31, 2003.

Financing Activities

Cash flow provided by financing activities was $316.6 million in 2004 compared to cash flow provided by financing activities of $115.7 million in 2003. The 2004 increase compared to 2003 resulted primarily from $94.1 million of additional funding relating to Queens construction loan, the $85.0 million Northridge loan, the new $84.0 million loan at Fiesta Mall and increased borrowings under the Company's line of credit, which is offset by the Company acquiring 50% of its joint venture partner's interest in FlatIron Crossing in January 2003, the $32.3 million funding of the Panorama loan in the first quarter of 2003 and increased dividends being paid in 2004 compared to 2003.

Funds From Operations

Primarily as a result of the factors mentioned above, Funds from Operations—Diluted increased 11.1% to $299.2 million in 2004 from $269.1 million in 2003. For the reconciliation of FFO and FFO-diluted to net income available to common stockholders, see "Funds from Operations."

Comparison of Years Ended December 31, 2003 and 2002

Revenues

Minimum and percentage rents increased by 29.7% to $298.7 million in 2003 from $230.3 million in 2002. Approximately $60.1 million of the increase relates to the Westcor portfolio, $6.7 million of the increase relates to the 2002 Acquisition Center, $4.2 million relates to the Company acquiring 50% of its joint venture partner's interest in Panorama and $2.9 million relates to the 2003 Acquisition Center. Additionally, the Redevelopment Centers offset the increase in minimum and percentage rents by decreasing revenues by $1.0 million in 2003 compared to 2002 and a $5.3 million offset related to the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera.

During 2001, the Company adopted SFAS 141. (See "Statement on Critical Accounting Policies"). The amortization of below market leases, which is recorded in minimum rents, increased to $6.1 million in 2003 from $1.1 million in 2002. The increase is primarily due to a full year's amortization in 2003 from the acquisitions during 2002 compared to a partial year in 2002.

Tenant recoveries increased to $152.7 million in 2003 from $116.0 in 2002. Approximately $31.8 million relates to the Westcor portfolio, $3.9 million relates to the 2002 Acquisition Center, $4.7 million relates to the Same Centers, $1.9 million relates to Panorama Mall and $1.3 million relates to the 2003 Acquisition Center. This is offset by a $1.0 million decrease relating to the Redevelopment Centers and a $2.3 million decrease relating to the sale of 49.9% partnership interest in the Village at Corte Madera.

Management Companies

Revenues increased to $14.6 million in 2003 compared to $4.8 million in 2002. This is primarily a result of Macerich Management Company being accounted for under the equity method of accounting for all of 2002. Effective July 1, 2003, in accordance with FIN 46, the Company began consolidating Macerich Management Company. Additionally, the Westcor Management Companies were consolidated for an entire year in 2003 compared to a partial year of 2002, beginning July 27, 2002, effective with the Westcor portfolio acquisition.

Expenses

Shopping center and operating expenses increased to $151.3 million in 2003 compared to $113.8 million in 2002. The increase is a result of $30.3 million related to the Westcor Portfolio, the 2002 Acquisition Center accounted for $3.1 million of the increase in expenses, $1.6 million relates to Panorama Mall, $1.4 million relates to increased property taxes, recoverable expenses and bad debt expense at the Redevelopment Centers and $3.1 million represents increased property taxes, insurance and other recoverable and non-recoverable expenses at the Same Centers. This is offset by a $2.0 million decrease relating to the sale of 49.9% partnership interest in the Village at Corte Madera.

Management Companies' Operating Expenses

Expenses in 2003 are $31.6 million compared to $13.2 million in 2002. This is primarily a result of Macerich Management Company being accounted for under the equity method of accounting for all of 2002. Effective July 1, 2003, in accordance with FIN 46, the Company began consolidating Macerich Management Company. Additionally, the Westcor Management Companies were consolidated for an entire year in 2003 compared to a partial year of 2002, beginning July 26, 2002, effective with the Westcor portfolio acquisition.

REIT General and Administrative Expenses

REIT general and administrative expenses increased to $8.5 million in 2003 from $7.4 million in 2002, primarily due to increases in professional services and stock-based compensation expense.

Depreciation and Amortization

Depreciation and amortization increased to $104.9 million in 2003 from $74.5 million in 2002. Approximately $1.6 million relates to additional capital costs at the Same Centers, $2.0 million relates to the 2002 Acquisition Center, $0.9 million relating to the 2003 Acquisition Center, $1.3 million relating to consolidating Macerich Management Company effective July 1, 2003, $0.4 million relates to Panorama Mall and $16.8 million relates to the Westcor portfolio. As a result of SFAS 141, an additional $9.5 million of depreciation and amortization was recorded based on a reclassification of the purchase price of the 2002 and 2003 Acquisition Centers and the Westcor portfolio between buildings and into the value of in-place leases, tenant improvements and lease commissions all of which have shorter depreciable lives than buildings. This is offset by a $1.9 million decrease relating to the sale of 49.9% of the partnership interest in the Village at Corte Madera.

Interest Expense

Interest expense increased to $130.7 million in 2003 from $120.3 million in 2002. Approximately $16.8 million of the increase is related to the debt from the Westcor portfolio, $0.5 million from the 2002 Acquisition Center, $1.0 million relates to the new $32.3 million loan placed on Panorama Mall in January 2003 and $6.5 million is related to the $250.0 million of unsecured notes issued on May 13, 2003. In addition, the interest expense relating to the debentures paid off in December 2002 reduced interest expense by $8.6 million in 2003 compared to 2002 and the sale of 49.9% of the Company's partnership interest in the Village at Corte Madera resulted in a decrease of $3.4 million compared to 2002. Capitalized interest was $12.1 million in 2003, up from $7.8 million in 2002 primarily due to the redevelopment and expansion of Queens Center.

Minority Interest

The minority interest represents the 20.3% weighted average interest of the Operating Partnership not owned by the Company during 2003. This compares to 24.7% not owned by the Company during 2002.

Equity in Income from Unconsolidated Joint Ventures and Macerich Management Companies

The income from unconsolidated joint ventures and the Macerich Management Companies was $59.3 million for 2003, compared to income of $43.0 million in 2002. $5.6 million was attributed to the acquisition of certain joint ventures in the Westcor portfolio and $0.5 million relating to the sale of a 49.9% partnership interest in the Village at Corte Madera. Additionally in 2002, a loss of $11.3 million was included in unconsolidated joint ventures relating to the Company's investment in MerchantWired, LLC which included a $10.2 million write down of assets.

Gain (Loss) on Sale of Assets

A gain of $12.4 million in 2003 represents $8.5 million from the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera on May 15, 2003, $2.8 million relates to the Company's sale of Gainey Village on June 6, 2003 and $1.0 million relates to gains on sales of peripheral land. This is compared to a loss of $3.8 million in 2002 representing primarily the write down of assets from the Company's various technology investments.

Loss on Early Extinguishment of Debt

In 2003, the Company recorded a loss from early extinguishment of debt of $0.2 million compared to $3.6 million in 2002.

Discontinued Operations

A gain of $22.0 million in 2003 relates to the gain on sale of Bristol Mall on August 4, 2003 of $22.2 million and $0.2 million relates to a loss on the Company's sale of its 67% interest in Paradise Village Gateway on January 2, 2003. This is compared to a gain of $26.1 million in 2002 as a result of the Company selling Boulder Plaza on March 19, 2002 and recognizing a gain on sale of $13.9 million and the Company recognizing a gain of $12.2 million as a result of the Company selling the former Montgomery Ward site at Pacific View Mall.

Net Income Available to Common Stockholders

Primarily as a result of the purchase of the 2002 and 2003 Acquisition Centers, the Westcor portfolio, the Bristol, the Village at Corte Madera and Gainey Village sales, the issuance of $420.3 million of equity in November 2002 which was used to pay off debt, and the foregoing results, net income available to common stockholders increased to $113.2 million in 2003 from $61.0 million in 2002. In 2002, the sales of Boulder Plaza and the former Montgomery Ward site at Pacific View Mall resulting in a total gain of $26.1 million and significantly increased net income available to common stockholders for the year ending December 31, 2002.

Operating Activities

Cash flow from operations was $202.8 million in 2003 compared to $163.2 million in 2002. The increase is primarily due to the Westcor portfolio, the 2002 and 2003 Acquisition Centers and increased net operating income at the Centers as mentioned above.

Investing Activities

Cash used in investing activities was $328.4 million in 2003 compared to cash used in investing activities of $875.0 million in 2002. The change resulted primarily from the acquisitions of the Westcor portfolio and 2002 and 2003 Acquisition Centers, the Company's purchase of its joint venture partner's 50% interest in FlatIron Crossing, the Company's sale of 49.9% of its partnership interest in the Village at Corte Madera, an increase in equity of income of unconsolidated joint ventures due to the Westcor portfolio, the loss of $10.2 million in 2002 from the Company's investment in Merchant Wired, LLC and a $126.6 million increase in development, redevelopment and expansion of Centers primarily due to the Queens Center expansion. This is offset by $107.2 million of proceeds received from the sale of Paradise Village Gateway, the Shops at Gainey Village, Bristol Center and the 49.9% interest in the Village at Corte Madera and increased distributions from joint ventures primarily as a result of the Westcor portfolio.

Financing Activities

Cash flow provided by financing activities was $115.7 million in 2003 compared to cash flow provided by financing activities of $739.1 million in 2002. The change resulted primarily from the acquisitions of the Westcor portfolio in 2002 and the 2002 and 2003 Acquisition Centers, the construction loan at Queens Center of $101.3 million, the new loan of $32.2 million at Panorama Mall and the $250.0 million of unsecured notes issued on May 13, 2003. This is offset by $471.9 million of net proceeds from equity offerings in 2002 and a $108.0 million loan placed on the 2002 Acquisition Center.

Funds From Operations

Primarily as a result of the acquisitions of the Westcor portfolio, the purchase of the 2002 and 2003 Acquisition Centers and the other factors mentioned above, Funds from Operations—Diluted increased 38.3% to $269.1 million in 2003 from $194.6 million in 2002. For the reconciliation of FFO and FFO-diluted to net income available to common stockholders, see "Funds from Operations."

Liquidity and Capital Resources

The Company intends to meet its short term liquidity requirements through cash generated from operations, working capital reserves, property secured borrowings, unsecured corporate borrowing and borrowing under the new revolving line of credit. 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. The following tables summarize capital expenditures incurred at the Centers for the twelve months ending December 31:

(Dollars in Millions)

Consolidated Centers:	**2004**	**2003**	**2002**
Acquisitions of property and equipment	$301.1	$359.2	$934.1
Development, redevelopment and expansion of Centers	139.3	166.3	58.1
Renovations of Centers	21.2	21.7	3.4
Tenant allowances	10.9	7.3	12.4
Deferred leasing charges	16.8	15.2	14.4
Total	$489.3	$569.7	$1,022.4

(Dollars in Millions)

Joint Ventures' (at Company's pro rata share) Centers:	**2004**	**2003**	**2002**
Acquisitions of property and equipment(1)	$41.1	$(19.2)	$727.1
Development, redevelopment and expansion of Centers	6.6	17.6	7.1
Renovations of Centers	10.1	2.8	3.5
Tenant allowances	10.5	4.7	3.6
Deferred leasing charges	3.7	3.3	2.1
Total	$72.0	$9.2	$743.4

(1) Includes the Company's purchase of its joint venture partner's 50% interest in FlatIron Crossing on January 31, 2003.

Management expects similar levels to be incurred in future years for tenant allowances and deferred leasing charges and to incur between $150 million to $200 million in 2005 for development, redevelopment, expansion and renovations. Capital for major expenditures or major developments and 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 level, interest rates, interest coverage ratios and prevailing market conditions.

On December 23, 2004, the Company announced the $2.33 billion acquisition of Wilmorite which is expected to close in April 2005. The purchase price includes the assumption of approximately $878 million of existing debt. It is anticipated that a total of $320 million of convertible preferred units and common units will be issued. The Company has obtained a commitment to fund $950 million of the purchase price through a term loan and an acquisition loan. The balance of the purchase price will be funded from the Company's line of credit. Additionally, the Company may generate liquidity or reduce its capital requirement by bringing in a joint venture partner.

On February 28, 2002, the Company issued 1,968,957 common shares with total net proceeds of $52.3 million. The proceeds from the sale of the common shares were used principally to finance a portion of the Queens Center expansion and redevelopment project and for general corporate purposes. The Queens Center expansion and redevelopment, which had its grand opening in November 2004, cost approximately $275 million. The Company has a $225.0 million construction loan which converts to a permanent loan at completion and stabilization, which is collateralized by the Queens Center property. Stabilization is expected to occur in 2005.

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 for these purposes through a combination of debt or equity financings, joint ventures and the sale of non-core assets. The Company believes joint venture arrangements have in the past and may in the future provide an attractive alternative to other forms of financing, whether for acquisitions or other business opportunities.

The Company's total outstanding loan indebtedness at December 31, 2004 was $4.4 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 47.7% at December 31, 2004. The majority of the Company's debt consists of fixed-rate conventional mortgages payable collateralized by individual properties.

The Company filed a shelf registration statement, effective June 6, 2002, to sell securities. The shelf registration was for a total of $1.0 billion of common stock, common stock warrant or common stock rights. The Company sold a total of 15.2 million shares of common stock under this shelf registration on November 27, 2002. The aggregate offering price of this transaction was approximately $440.2 million, leaving approximately $559.8 million available under the shelf registration statement. In addition, the Company filed another shelf registration statement, effective October 27, 2003, to sell up to $300 million of preferred stock.

The Company had a $425.0 million revolving line of credit. This revolving line of credit had a three-year term through July 26, 2005 with a one-year extension option. The interest rate fluctuated from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. As of December 31, 2003, $319.0 million of borrowings were outstanding under this credit facility at an average interest rate of 3.69%. On July 30, 2004, the Company amended and expanded the revolving line of credit to $1.0 billion and extended the maturity to July 30, 2007 plus a one-year extension. The interest rate has been reduced to 1.50% over LIBOR based on the Company's current leverage level. The interest rate fluctuates from LIBOR plus 1.15% to LIBOR plus 1.70% depending on the Company's overall leverage level. As of December 31, 2004, $643.0 million of borrowings were outstanding at an average interest rate of 3.81%.

On May 13, 2003, the Company issued $250.0 million in unsecured notes maturing in May 2007 with a one-year extension option bearing interest at LIBOR plus 2.50%. The proceeds were used to pay down and create more availability under the Company's line of credit. At December 31, 2004 and December 31, 2003, the entire $250.0 million of notes were outstanding at an interest rate of 4.45%. In October 2003, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005.

The Company had $125.1 million of convertible subordinated debentures (the "Debentures") which matured December 15, 2002. On December 13, 2002, the Debentures were repaid in full, using the Company's revolving credit facility.

At December 31, 2004, the Company had cash and cash equivalents available of $72.1 million.

Funds From Operations

The Company uses Funds from Operations ("FFO") in addition to net income to report its operating and financial results and considers FFO and FFO-diluted as supplemental measures for the real estate industry and a supplement to Generally Accepted Accounting Principles ("GAAP") measures. The National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss) (computed in accordance with GAAP, excluding gains (or losses) from extraordinary items and sales of depreciated operating properties, plus real estate related depreciation and amortization and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. FFO and FFO on a fully diluted basis are useful to investors in comparing operating and financial results between periods. This is especially true since FFO excludes real estate depreciation and amortization, as the Company believes real estate values fluctuate based on market conditions rather than depreciating in value ratably on a straight-line basis over time. FFO on a fully diluted basis is one of the measures investors find most useful in measuring the dilutive impact of outstanding convertible securities. FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income as defined by GAAP and is not indicative of cash available to fund all cash flow needs. FFO, as presented, may not be comparable to similarly titled measures reported by other real estate investment trusts. The reconciliation of FFO and FFO-diluted to net income available to common stockholders is provided below.

In compliance with the Securities and Exchange Commission's Regulation G and Amended Item 10 of Regulation S-K relating to non-GAAP financial measures, the Company has revised its FFO definition as of January 1, 2003 and for all prior periods presented, to include gain or loss on sales of peripheral land, impairment of assets, losses on debt-related transactions and the effect of SFAS No. 141 to amortize the below market leases which are recorded in minimum rents. The Company's revised definition is in accordance with the definition provided by NAREIT.

The inclusion of gains (losses) on sales of peripheral land included in FFO for the years ended December 31, 2004, 2003, 2002, 2001 and 2000 were $4.4 million (including 3.5 million from joint ventures at pro rata), $1.4 million (including $0.4 million from joint ventures at pro rata), $2.5 million (including $2.4 million from joint ventures at pro rata), $0.3 million (including $0.1 million from joint ventures at pro rata), ($0.7) million (including ($0.7) million from joint ventures at pro rata), respectively.

FFO and FFO-diluted, for the years ended December 31, 2002, 2001and 2000 have been restated to reflect the Company's share of impairment of assets and losses on debt-related transactions, the latter of which was previously reported as extraordinary items under GAAP. The Company's write-off of impairment of assets for 2002 was $13.3 million (including $10.2 million from joint ventures at pro rata). There were no write-offs of impairment of assets for the years ended December 31, 2001 or 2000. The Company's losses on debt-related transactions for the years ended December 31, 2002, 2001 and 2000 were $3.6 million, $2.0 million and $0.5 million (including $0.2 million from joint ventures at pro rata), respectively.

The following reconciles net income available to common stockholders to FFO and FFO-diluted:

(amounts in thousands)

	2004		**2003**		**2002**		**2001**		**2000**	
	Shares	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**	**Shares**	**Amount**
Net income—available to common stockholders		$82,493		$113,218		$60,965		$58,035		$37,971
Adjustments to reconcile net income to FFO—basic:										
Minority interest		19,870		28,907		20,189		19,001		12,168
(Gain) loss on sale or write-down of wholly-owned assets		(8,041)		(34,451)		(22,253)		(24,491)		2,773
Add: Gain on land sales—consolidated assets		939		1,054		128		215		—
Less: Impairment writedown of consolidated assets		—		—		(3,029)		—		—
(Gain) loss on sale or write-down of assets from unconsolidated entities (pro rata)		(3,353)		(155)		8,021		(191)		(235)
Add: Gain (loss) on land sales—pro rata unconsolidated entities		3,464		387		2,403		123		(659)
Less: Impairment writedown of pro rata unconsolidated entities		—		—		(10,237)		—		—
Depreciation and amortization on wholly-owned centers		144,828		109,569		78,837		65,983		61,647
Depreciation and amortization on joint ventures and from the management companies (pro rata)		61,060		45,133		37,355		28,077		24,472
Cumulative effect of change in accounting principle—wholly-owned centers		—		—		—		—		963
Cumulative effect of change in accounting principle—pro rata unconsolidated entities		—		—		—		128		787
Less: depreciation on personal property and amortization of loan costs and interest rate caps		(11,228)		(9,346)		(7,463)		(4,969)		(5,106)
FFO—basic(1)	72,715	290,032	67,332	254,316	49,611	164,916	44,963	141,911	45,050	134,781
Additional adjustments to arrive at FFO—diluted:										
Impact of convertible preferred stock	3,628	9,140	7,386	14,816	9,115	20,417	9,115	19,688	9,115	18,958
Impact of stock options using the treasury method	384	—	480	—	456	—		(n/a antidilutive)		(n/a antidilutive)
Impact of restricted stock using the treasury method		(n/a antidilutive)		(n/a antidilutive)		(n/a antidilutive)		(n/a antidilutive)		(n/a antidilutive)
Impact of convertible debentures	—	—	—	—	3,833	9,310	4,824	11,773	5,154	12,542
FFO—diluted(2)	76,727	$299,172	75,198	$269,132	63,015	$194,643	58,902	$173,372	59,319	$166,281

(1) Calculated based upon basic net income as adjusted to reach basic FFO. As of December 31, 2004, 2003, 2002, 2001 and 2000, 14.2 million, 14.2 million, 13.7 million, 11.2 million and 11.2 million of OP Units and Westcor partnership units were outstanding, respectively.

(2) The computation of FFO—diluted shares outstanding includes the effect of outstanding common stock options and restricted stock using the treasury method. The convertible debentures were dilutive for the years ended December 31, 2002, 2001 and 2000 and were included in the FFO calculation. The convertible debentures were paid off in full on December 13, 2002. On February 25, 1998, the Company sold $100 million of its Series A Preferred Stock. On June 16, 1998, the Company sold $150 million of its Series B Preferred Stock. On September 9, 2003, 5.5 million shares of Series B Preferred Stock were converted into common shares. The preferred stock can be converted on a one-for-one basis for common stock. The preferred shares are assumed converted for purposes of 2004, 2003, 2002, 2001 and 2000 FFO-diluted as they are dilutive to that calculation.

Straight-lining of Rents

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 consolidated minimum rents was $1.0 million for 2004, $2.9 million for 2003, $1.2 million for 2002, $(0.1) million for 2001 and $0.9 million for 2000. Additionally, the Company recognized through equity in income of unconsolidated joint ventures, its pro rata share of straight-lined rents of $1.0 million, $1.9 million, $2.3 million, $1.4 million and $2.2 million for 2004, 2003, 2002, 2001 and 2000, respectively. The increase in straight-lining of rents in 2003 and 2002 compared to 2001 is related to the acquisition of The Oaks and the Westcor portfolio in 2002. These are offset by decreases due to the Company structuring its new leases using rent increases tied to the change in CPI rather than using contractually fixed rent increases.

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 using an annual multiple of increases in the CPI. In addition, about 5%-13% of the leases expire each year, 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, historically the majority of the leases require the tenants to pay their pro rata share of operating expenses. Recently, the Company began entering into leases that require tenants to pay a stated amount for operating expenses, generally excluding property taxes, regardless of the expenses actually incurred at any center. This change shifts the burden of cost control to the Company.

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 and the majority of percentage rent is recognized in the fourth quarter. As a result of the above and the implementation of Staff Accounting Bulletin 101, earnings are generally higher in the fourth quarter of each year.

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 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 and/or swaps 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, 2004 concerning the Company's long term debt obligations, including principal cash flows by scheduled maturity, weighted average interest rates and estimated fair value ("FV"):

(dollars in thousands)

	For the Years Ended December 31,							
	2005	**2006**	**2007**	**2008**	**2009**	**Thereafter**	**Total**	**FV**
CONSOLIDATED CENTERS:								
Long term debt:								
Fixed rate	$32,858	$115,493	$117,124	$364,241	$250,684	$895,124	$1,775,524	$1,917,552
Average interest rate	6.42%	6.40%	6.46%	6.48%	6.38%	6.10%	6.42%	—
Variable rate	182,898	117,931	958,280	—	—	195,487	1,454,596	1,454,596
Average interest rate	3.05%	3.20%	3.95%	—	—	4.78%	3.89%	—
Total debt—Consolidated Centers	$215,756	$233,424	$1,075,404	$364,241	$250,684	$1,090,611	$3,230,120	$3,372,148
JOINT VENTURE CENTERS:								
(at Company's pro rata share:)								
Fixed rate	$80,912	$290,848	$127,226	$63,976	$221,304	$172,131	$956,397	$997,373
Average interest rate	6.41%	6.40%	6.65%	6.77%	7.79%	7.85%	6.46%	—
Variable rate	18,302	155,412	545	458	16,154	—	190,871	190,871
Average interest rate	2.82%	2.91%	3.67%	4.17%	4.17%	—	3.02%	—
Total debt—Joint Ventures	$99,214	$446,260	$127,771	$64,434	$237,458	$172,131	$1,147,268	$1,188,244

The consolidated Centers' total fixed rate debt increased from $1.6 billion at December 31, 2003 to $1.8 billion at December 31, 2004. The average interest rate at December 31, 2003 and 2004 was 6.65% and 6.42%, respectively.

The consolidated Centers' total variable rate debt increased from $1.1 billion at December 31, 2003 to $1.5 billion at December 31, 2004. The average interest rate at December 31, 2003 and 2004 was 3.55% and 3.89%, respectively.

The Company's pro rata share of the Joint Venture Centers' fixed rate debt at December 31, 2003 and 2004 was $861.9 million and $956.4 million, respectively. The average interest rate increased from 6.40% in 2003 to 6.46% in 2004. The Company's pro rata share of the Joint Venture Centers' variable rate debt at December 31, 2003 and 2004 was $184.2 million and $190.9 million, respectively. The average interest rate increased from 1.88% in 2003 to 3.02% in 2004.

See "Item 2. Properties—Mortgage Debt" for additional information on new financing arrangements during 2004.

The Company uses derivative financial instruments in the normal course of business to manage or hedge interest rate risk and records all derivatives on the balance sheet at fair value. The Company requires that hedging derivative instruments are effective in reducing the risk exposure that they are designated to hedge. For derivative instruments associated with the hedge of an anticipated transaction, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Any instrument that meets these hedging criteria, and other criteria required by SFAS 133, is formally designated as a hedge at the inception of the derivative contract. When the terms of an underlying transaction are modified resulting in some ineffectiveness, the portion of the change in the derivative fair value related to ineffectiveness from period to period will be included in net income. If any derivative instrument used for risk management does not meet the hedging criteria then it is marked-to-market each period, however, generally the Company intends for all derivative transactions to meet all the hedge criteria and qualify as hedges. The Company does not plan to enter into derivative transactions for speculative purposes.

On an ongoing quarterly basis, the Company adjusts its balance sheet to reflect the current fair value of its derivatives. Changes in the fair value of derivatives are recorded each period in income or comprehensive income, depending on whether the derivative is designated and effective as part of a hedged transaction. For derivatives that do not meet the cash flow hedging criteria, the Company reflects those on the balance sheet quarterly at fair value with the difference being reflected in income. To the extent that the change in value of a derivative does not perfectly offset the change in value of the instrument being hedged, the ineffective portion of the hedge is immediately recognized in income. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to income. This reclassification occurs when the hedged items are also recognized in income. The Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

To determine the fair value of derivative instruments, the Company uses standard market conventions and techniques such as discounted cash flow analysis, option pricing models, and termination cost at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

The $250.0 million variable rate debt maturing in 2007 has an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005. The fair value of this swap agreement at December 31, 2004 was $1.9 million compared to $0.2 million at December 31, 2003.

The Company has an interest rate cap with a notional amount of $30.0 million on their loan at La Cumbre Plaza. This interest rate cap prevents the LIBOR interest rate from exceeding 7.12%. The fair value of this cap agreement at December 31, 2004 was zero.

The Company has an interest rate cap with a notional amount of $92.0 million on their $108.0 million loan on The Oaks. This interest rate cap prevents the LIBOR interest rate from exceeding 7.10%. The fair value of this cap agreement at December 31, 2004 and 2003 was zero.

The Company's East Mesa Land and Superstition Springs joint venture have an interest rate swap which converts $12.8 million of variable rate debt with a weighted average interest rate of 3.97% to a fixed rate of 5.39%. This swap has been designated as a hedge in accordance with SFAS No. 133. Additionally, interest rate caps were simultaneously sold to offset the effect of the interest rate cap agreements. These interest rate caps do not qualify for hedge accounting in accordance with SFAS 133.

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 $13.9 million per year based on $1.4 billion outstanding of variable rate debt at December 31, 2004 which excludes the $250.0 million of debt which has been swapped to a fixed rate.

The fair value of the Company's long term debt is estimated based on discounted cash flows at interest rates that management believes reflect 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.

Item 9A. Controls and Procedures

Based on their evaluation as of December 31, 2004, the Company's Chief Executive Officer and Chief Financial Officer, have concluded that the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) were effective to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Management, including our Chief Executive Officer and Chief Financial Officer, does not expect that its disclosure controls and procedures or its internal controls will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

Management's Report on Internal Control over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended). The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control—Integrated Framework. The Company's management has concluded that, as of December 31, 2004, its internal control over financial reporting is effective based on these criteria. The Company's independent registered public accounting firm, Deloitte and Touche, LLP, have issued an audit report on the Company's assessment of our internal control over financial reporting, which is included herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of
The Macerich Company
Santa Monica, California

We have audited management's assessment, included in the accompanying Management's Report on Internal Control over Financial Reporting, that The Macerich Company and its subsidiaries (the "Company") maintained effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that the Company maintained effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedules as of and for the year ended December 31, 2004 of the Company and our report dated March 25, 2005 expressed an unqualified opinion on those financial statements and financial statement schedules.

Deloitte & Touche, LLP
Los Angeles, California

March 25, 2005

Changes in Internal Control over Financial Reporting

There were no changes in our internal controls over financial reporting during the quarter ended December 31, 2004 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

Item 9B. Other Information

None

Part III

Item 10. Directors and Executive Officers of the Registrant

There is hereby incorporated by reference the information which appears under the captions "Information Regarding Nominees and Directors," "Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Audit Committee Matters" and "Code of Ethics" in the Company's definitive proxy statement for its 2005 Annual Meeting of Stockholders and is responsive to the information required by this Item.

Item 11. Executive Compensation

There is hereby incorporated by reference the information which appears under the caption "Election of Directors" in the Company's definitive proxy statement for its 2005 Annual Meeting of Stockholders and is responsive to the information required by this Item. Notwithstanding the foregoing, the Report of the Compensation Committee on executive compensation and the Stock Performance Graph set forth therein shall not 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 and Related Stockholders Matters

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 2005 Annual Meeting of Stockholders and is responsive to the information required by this Item.

Equity Compensation Plan Information

The Company currently maintains two equity compensation plans for the granting of equity awards to directors, officers and employees: the 2003 Equity Incentive Plan ("2003 Plan") and the Eligible Directors' Deferred Compensation/Phantom Stock Plan ("Director Phantom Stock Plan"). Certain of the Company's outstanding stock awards were granted under other equity compensation plans which are no longer available for stock awards: the 1994 Eligible Directors' Stock Option Plan (the "Director Plan"), the Amended and Restated 1994 Incentive Plan (the "1994 Plan") and the 2000 Incentive Plan (the "2000 Plan").

Summary Table. The following table sets forth, for each of the Company's equity compensation plans, the number of share of Common Stock subject to outstanding awards, the weighted-average exercise of outstanding options, and the number of shares remaining available for future award grants as of December 31, 2004.

Plan Category	Number of shares of Common Stock to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted average exercise price of outstanding options, warrants and rights(1) (b)	Number of shares of Common Stock remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)
Equity Compensation Plans approved by stockholders	691,532(2)	$23.16	6,688,449(3)
Equity Compensation Plans not approved by stockholders	20,000(4)	$30.75	0(4)
Total	711,532		6,688,449

(1) *Weighted average exercise price of outstanding options; does not include stock units.*

(2) *Represents 582,740 shares subject to outstanding options under the 1994 Plan, 2000 Plan and 2003 Plan and 92,292 shares underlying stock units, payable on a one-for-one basis, credited to stock unit accounts under the Director Phantom Stock Plan, and 16,500 shares subject to outstanding options under the Director Plan.*

(3) *Of these shares, 5,802,247 were available for options, stock appreciation rights, restricted stock, stock units, stock bonuses, performance based awards, dividend equivalent rights and operating partnership units or other convertible or exchangeable units under the 2003 Plan, 139,846 were available for issuance under stock units under the Director Phantom Stock Plan and 746,356 were available for issuance under the Employee Stock Purchase Plan.*

(4) *Represents 20,000 shares subject to outstanding options under the 2000 Plan. The 2000 Plan did not require approval of, and has not been approved by, the Company's stockholders. No additional awards will be made under the 2000 Plan. The 2000 Plan generally provided for the grant of options, stock appreciation rights, restricted stock awards, stock units, stock bonuses and dividend equivalent rights to employees, directors and consultants of the Company or its subsidiaries. The only awards that were granted under the 2000 Plan were stock options and restricted stock. The stock options granted generally expire not more than 10 years after the date of grant and vest in three equal annual installments, commencing on the first anniversary of the grant date. The restricted stock grants generally vest over three years.*

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 2005 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services

There is hereby incorporated by reference the information which appears under the captions "Principal Accountant Fees and Services" and "Audit Committee Pre-Approval Policy" in the Company's definitive proxy statement for its 2005 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits, Financial Statements and Financial Statement Schedules

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Macerich Company
Santa Monica, California

We have audited the accompanying consolidated balance sheet of The Macerich Company (the "Company") as of December 31, 2004, and the related consolidated statements of operations, common stockholders' equity, and cash flows for the year then ended. Our audit also included the consolidated financial statement schedules listed in the Index at Item 15(a)(4) as of and for the year ended December 31, 2004. These consolidated financial statements and consolidated financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedules based on our audit. The consolidated financial statements and the consolidated financial statement schedules of the Company for the years ended December 31, 2003 and 2002 were audited by other auditors whose report, dated March 11, 2004, expressed an unqualified opinion on those statements. We did not audit the consolidated financial statements or the consolidated financial statement schedule of SDG Macerich Properties, L.P. (the "Partnership"), the Company's investment in which is reflected in the accompanying consolidated financial statements using the equity method of accounting. The Company's equity of $147,915,000 in the Partnership's net assets at December 31, 2004 and $16,499,000 in the Partnership's net income for year ended are included in the accompanying consolidated financial statements. Such financial statements and financial statement schedule 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 such other auditors.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, based on our audit and the report of the other auditors, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, based on our audit and the report of the other auditors, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2004, based on the criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 25, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Deloitte & Touche, LLP
Los Angeles, California

March 25, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of The Macerich Company:

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of The Macerich Company (the "Company") at December 31, 2003, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(4) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements and financial statement schedule of the Company 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 3.7% of the Company's consolidated total assets at December 31, 2003 and the equity in income, net of minority interest, represents approximately 12.5% and 22.6% of the related consolidated net income for each of the two years in the period ended December 31, 2003. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, 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 of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Los Angeles, CA
March 11, 2004 except for Note 2, "Accounting for the Impairment or Disposal of Long Lived Assets" as to which the date is March 11, 2005

THE MACERICH COMPANY

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except per share data)

	December 31,	
	2004	**2003**
ASSETS		
Property, net	$3,574,553	$3,186,725
Cash and cash equivalents	72,114	40,356
Restricted cash	12,351	6,804
Tenant receivables, net	68,716	67,765
Deferred charges and other assets, net	280,694	231,392
Loans to unconsolidated joint ventures	6,643	29,237
Due from affiliates	3,502	5,406
Investments in unconsolidated joint ventures	618,523	577,908
Total assets	$4,637,096	$4,145,593
LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$141,782	$129,084
Others	2,195,338	1,787,714
Total	2,337,120	1,916,798
Bank notes payable	893,000	765,800
Accounts payable and accrued expenses	47,755	54,682
Other accrued liabilities	123,081	116,067
Preferred stock dividend payable	2,358	2,212
Total liabilities	3,403,314	2,855,559
Minority interest	221,315	237,615
Commitments and contingencies (Note 11)		
Series A cumulative convertible redeemable preferred stock, $.01 par value, 3,627,131 shares authorized, issued and outstanding at December 31, 2004 and 2003	98,934	98,934
Common stockholders' equity:		
Common stock, $.01 par value, 145,000,000 shares authorized, 58,785,694 and 57,902,524 shares issued and outstanding at December 31, 2004 and 2003, respectively	586	578
Additional paid-in capital	1,029,940	1,008,488
Accumulated deficit	(103,489)	(38,541)
Accumulated other comprehensive income (loss)	1,092	(2,335)
Unamortized restricted stock	(14,596)	(14,705)
Total common stockholders' equity	913,533	953,485
Total liabilities, preferred stock and common stockholders' equity	$4,637,096	$4,145,593

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

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands, except share and per share amounts)

	For the years ended December 31,		
	2004	**2003**	**2002**
REVENUES:			
Minimum rents	$329,689	$286,298	$219,537
Percentage rents	17,654	12,427	10,735
Tenant recoveries	159,005	152,696	115,993
Management Companies	21,751	14,630	4,826
Other	19,169	17,526	11,819
Total revenues	547,268	483,577	362,910
EXPENSES:			
Shopping center and operating expenses	164,983	151,325	113,808
Management Companies' operating expenses	38,298	31,587	13,181
REIT general and administrative expenses	11,077	8,482	7,435
	214,358	191,394	134,424
Interest expense:			
Related parties	5,800	5,689	5,815
Others	140,527	125,018	114,473
Total interest expense	146,327	130,707	120,288
Depreciation and amortization	142,096	104,920	74,504
Equity in income of unconsolidated joint ventures and the management companies	54,881	59,348	43,049
Gain (loss) on sale of assets	927	12,420	(3,820)
Loss on early extinguishment of debt	(1,642)	(170)	(3,605)
Income from continuing operations	98,653	128,154	69,318
Discontinued operations:			
Gain on sale of assets	7,114	22,031	26,073
Income from discontinued operations	5,736	6,756	6,180
Total from discontinued operations	12,850	28,787	32,253
Income before minority interest	111,503	156,941	101,571
Less: Minority interest	19,870	28,907	20,189
Net income	91,633	128,034	81,382
Less: Preferred dividends	9,140	14,816	20,417
Net income available to common stockholders	$82,493	$113,218	$60,965
Earnings per common share—basic:			
Income from continuing operations	$1.23	$1.68	$0.98
Discontinued operations	0.18	0.43	0.65
Net income per share available to common stockholders	$1.41	$2.11	$1.63
Weighted average number of common shares outstanding—basic	58,537,000	53,669,000	37,348,000
Earnings per common share—diluted:			
Income from continuing operations	$1.22	$1.71	$0.98
Discontinued operations	0.18	0.38	0.64
Net income per share available to common stockholders	$1.40	$2.09	$1.62
Weighted average number of common shares outstanding—diluted	73,099,000	75,198,000	50,066,000

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

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY

(Dollars in thousands, except per share data)

	Common Stock (# shares)	Common Stock Par Value	Additional Paid-in Capital	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive (Loss) Income	Unamortized Restricted Stock	Total Common Stockholders' Equity
Balance December 31, 2001	33,981,946	$340	$366,349	($4,944)	($5,820)	($6,971)	$348,954
Comprehensive income:							
Net income				81,382			81,382
Reclassification of deferred losses					1,328		1,328
Interest rate swap agreement					(319)		(319)
Total comprehensive income				81,382	1,009		82,391
Issuance costs			(23,390)				(23,390)
Common stock offerings	17,148,957	172	495,100				495,272
Issuance of restricted stock	262,082		7,748				7,748
Unvested restricted stock	(262,082)					(7,748)	(7,748)
Restricted stock vested in 2002	152,967					4,784	4,784
Exercise of stock options	207,059	2	4,254				4,256
Distributions paid $(2.22) per share				(79,891)			(79,891)
Preferred dividends				(20,417)			(20,417)
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			(14,161)				(14,161)
Balance December 31, 2002	51,490,929	514	835,900	(23,870)	(4,811)	(9,935)	797,798
Comprehensive income:							
Net income				128,034			128,034
Reclassification of deferred losses					1,328		1,328
Interest rate swap agreement					1,148		1,148
Total comprehensive income				128,034	2,476		130,510
Issuance costs			(254)				(254)
Issuance of restricted stock	374,846	4	12,262				12,266
Unvested restricted stock	(374,846)	(4)				(12,262)	(12,266)
Restricted stock vested in 2003	214,641	2				7,492	7,494
Exercise of stock options	519,954	5	10,981				10,986
Distributions paid $(2.32) per share				(127,889)			(127,889)
Preferred dividends				(14,816)			(14,816)
Conversion of OP Units to common stock	190,000	2	6,937				6,939
Conversion of Series B Preferred Stock to common stock	5,487,000	55	148,347				148,402
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			(5,685)				(5,685)
Balance December 31, 2003	57,902,524	578	1,008,488	(38,541)	(2,335)	(14,705)	953,485
Comprehensive income:							
Net income				91,633			91,633
Reclassification of deferred losses					1,351		1,351
Interest rate swap agreement					2,076		2,076
Total comprehensive income				91,633	3,427		95,060
Issuance of restricted stock	153,692	2	8,282				8,284
Unvested restricted stock	(153,692)	(2)				(8,282)	(8,284)
Restricted stock vested in 2004	320,114	3				8,391	8,394
Exercise of stock options	465,984	5	9,509				9,514
Issuance of phantom stock	17,862		795				795
Distributions paid $(2.48) per share				(147,441)			(147,441)
Preferred dividends				(9,140)			(9,140)
Conversion of OP Units to common stock	79,210		1,785				1,785
Adjustment to reflect minority interest on a pro rata basis according to year end ownership percentage of Operating Partnership			1,081				1,081
Balance December 31, 2004	58,785,694	$586	$1,029,940	($103,489)	$1,092	($14,596)	$913,533

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

THE MACERICH COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	For the years ended December 31,		
	2004	**2003**	**2002**
Cash flows from operating activities:			
Net income-available to common stockholders	$82,493	$113,218	$60,965
Preferred dividends	9,140	14,816	20,417
Net income	91,633	128,034	81,382
Adjustments to reconcile net income to net cash provided by operating activities:			
Loss on early extinguishment of debt	1,642	155	3,605
(Gain) loss on sale of assets	(927)	(12,420)	3,820
Discontinued operations gain on sale of assets	(7,114)	(22,031)	(26,073)
Depreciation and amortization	146,378	109,029	78,837
Amortization of net premium on trust deed note payable	(805)	(2,235)	(1,070)
Minority interest	19,870	28,907	20,189
Equity in income of unconsolidated joint ventures and the management companies	(54,881)	(59,348)	(43,049)
Changes in assets and liabilities, net of acquisitions:			
Tenant receivables, net	(951)	(21,207)	(5,204)
Other assets	(12,162)	(7,573)	111
Accounts payable and accrued expenses	(3,678)	20,267	4,394
Due to affiliates	1,904	(4,088)	(2,316)
Other accrued liabilities	13,324	48,276	48,368
Accrued preferred stock dividend	146	(2,983)	182
Total adjustments	102,746	74,749	81,794
Net cash provided by operating activities	194,379	202,783	163,176
Cash flows from investing activities:			
Acquisitions of property and property improvements	(369,279)	(167,643)	(487,325)
Development, redevelopment and expansion of centers	(139,292)	(166,309)	(58,062)
Renovations of centers	(21,241)	(21,718)	(3,403)
Tenant allowances	(10,875)	(7,265)	(7,818)
Deferred leasing charges	(16,822)	(15,214)	(7,352)
Distributions from joint ventures	93,031	59,825	74,107
Contributions to joint ventures	(41,913)	(44,714)	(8,680)
Acquisitions of joint ventures	(36,538)	(68,320)	(363,459)
Repayments from (loans to) unconsolidated joint ventures	22,594	(704)	(28,533)
Proceeds from sale of assets	46,630	107,177	15,316
Restricted cash	(5,547)	(3,487)	177
Net cash used in investing activities	(479,252)	(328,372)	(875,032)
Cash flows from financing activities:			
Proceeds from mortgages, notes and debentures payable	770,306	646,429	1,295,390
Payments on mortgages, notes and debentures payable	(276,003)	(373,965)	(889,045)
Deferred financing costs	(8,723)	(3,326)	(14,361)
Net proceeds from equity offerings	—	—	471,882
Exercise of common stock options	9,514	10,986	4,256
Dividends and distributions	(169,323)	(149,605)	(108,583)
Dividends to preferred stockholders	(9,140)	(14,816)	(20,417)
Net cash provided by financing activities	316,631	115,703	739,122
Net increase (decrease) in cash	31,758	(9,886)	27,266
Cash and cash equivalents, beginning of period	40,356	50,242	22,976
Cash and cash equivalents, end of period	$72,114	$40,356	$50,242
Supplemental cash flow information:			
Cash payment for interest, net of amounts capitalized	$140,552	$138,067	$125,949
Non-cash transactions:			
Acquisition of property by assumption of debt	$54,023	—	$373,452
Acquisition of property by issuance of operating partnership units	—	$30,201	$90,597
Acquisition of property by assumption of joint venture debt	—	$180,000	—

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

1. Organization and Basis of Presentation:

The Macerich Company (the "Company") is involved in the acquisition, ownership, development, redevelopment, management and leasing of regional and community shopping centers (the "Centers") located throughout the United States.

The Company commenced operations effective with the completion of its initial public offering (the "IPO") on March 16, 1994. The Company is the sole general partner of and assuming conversion of the preferred units, holds a 81% 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 19% 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 Company's management companies, Macerich Property Management Company, LLC, ("MPMC, LLC") a single-member Delaware limited liability company, Macerich Management Company, a California corporation, Westcor Partners, LLC, a single member Arizona limited liability company, Macerich Westcor Management, LLC, a single member Delaware limited liability company and Westcor Partners of Colorado, LLC, a Colorado limited liability company. The three Westcor management companies are collectively referred to as the "Westcor Management Companies."

Basis Of Presentation:

These consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The accompanying consolidated financial statements include the accounts of the Company and the Operating Partnership. Investments in which the Company has the ability to exercise significant influence over operating and financial policies, but does not hold a controlling interest are accounted for under the equity method of accounting and are reflected as "Investment in Joint Ventures." Effective July 1, 2003, the Company began consolidating the accounts of Macerich Management Company, in accordance with FIN 46 (See Note 2). Effective July 26, 2002, concurrent with the acquisition of the Westcor portfolio, (See Note 4), the Company began consolidating the accounts of the Westcor Management Companies. Prior to July 1, 2003, the Company accounted for Macerich Management Company under the equity method of accounting. The use of the term "Macerich Management Company" refers to Macerich Management Company prior to July 1, 2003 when their accounts were reflected in the Company's consolidated financial statements under the equity method of accounting.

All 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 three months or less when purchased to be cash equivalents, for which cost approximates fair value. Restricted cash includes impounds of property taxes and other capital reserves required under the loan agreements.

Tenant Receivables:

Included in tenant receivables are allowances for doubtful accounts of $5,604 and $4,177 at December 31, 2004 and 2003, respectively. Also included in tenant receivables are accrued percentage rents of $7,174 and $5,057 at December 31, 2004 and 2003, 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 decreased by $1,864 in 2004, increased by $2,887 in 2003 and increased by $1,173 in 2002 due to the straight-lining of rent adjustment. Percentage rents are recognized and accrued when tenants' specified sales targets have been met.

Estimated recoveries from tenants for real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred.

The Macerich and Westcor management companies provide property management, leasing, corporate, development, redevelopment and acquisition services to affiliated and non-affiliated shopping centers. In consideration for these services, the Macerich and Westcor management companies receive monthly management fees generally ranging from 1.5% to 6% of the gross monthly rental revenue of the properties managed.

Property:

Costs related to the development, redevelopment, construction and improvement of properties are capitalized. Interest incurred or imputed on development, redevelopment and construction projects is capitalized until construction is substantially complete.

Maintenance and repairs expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc. are capitalized and depreciated over their estimated useful lives. 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 accounts for all acquisitions entered into subsequent to June 30, 2001 in accordance with Statement of Financial Accounting Standards ("SFAS") No. 141, Business Combinations ("SFAS 141"). The Company will first determine the value of the land and buildings utilizing an "as if vacant" methodology. The Company will then assign a fair value to any debt assumed at acquisition. The balance of the purchase price will be allocated to tenant improvements and identifiable intangible assets or liabilities. Tenant improvements represent the tangible assets associated with the existing leases valued on a fair market value basis at acquisition date prorated over the remaining lease terms. The tenant improvements are classified as an asset under real estate investments and are depreciated over the remaining lease terms. Identifiable intangible assets and liabilities relate to the value of in-place operating leases which come in three forms: (i) origination value, which represents the value associated with "cost avoidance" of acquiring in-place leases, such as lease commissions paid under terms generally experienced in our markets; (ii) value of in-place leases, which represents the estimated loss of revenue and of costs incurred for the period required to lease the "assumed vacant" property to the occupancy level when purchased; and (iii) above or below market value of in-place leases, which represents the difference between the contractual rents and market rents at the time of the acquisition, discounted for tenant credit risks. Origination value is recorded as an other asset and is amortized over the remaining lease terms. Value of in-place leases is recorded as an other asset and amortized over the remaining lease term plus an estimate of renewal of the acquired leases. Above or below market leases are classified as an other asset or liability, depending on whether the contractual terms are above or below market, and the asset or liability is amortized to rental revenue over the remaining terms of the leases.

When the Company acquires real estate properties, the Company allocates the components of these acquisitions using relative fair values computed using its estimates and assumptions. These estimates and assumptions impact the amount of costs allocated between various components as well as the amount of costs assigned to individual properties in multiple property acquisitions. These allocations also impact depreciation expense, rental revenues and gains or losses recorded on future sales of properties.

Generally, the Company engages a valuation firm to assist with the allocation.

The Company adopted SFAS 144 on January 1, 2002 which addresses financial accounting and reporting for the impairment or disposal of long-lived assets.

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 determination of recoverability is made based upon the estimated undiscounted future net cash flows, excluding interest expense. The amount of impairment loss, if any, is determined by comparing the fair value, as determined by a discounted cash flows analysis, with the carrying value of the related assets. Long-lived assets classified as held for sale are measured at the lower of the carrying amount or fair value less cost to sell. Management believes no such impairment has occurred in its net property carrying values at December 31, 2004 and 2003.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. Cost relating to financing of shopping center properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. In-place lease values are amortized over the remaining lease term plus an estimate of renewal. Leasing commissions and legal costs are amortized on a straight-line basis over the individual lease years. The range of the terms of the agreements are as follows:

Deferred lease costs	1-15 years
Deferred financing costs	1-15 years
In-place lease values	Remaining lease term plus an estimate for renewal (weighted average 17 years)
Leasing commissions and legal costs	5-10 years

Income Taxes:

The Company elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 1994. To qualify as a REIT, the Company must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its taxable income to its stockholders. It is management's current intention to adhere to these requirements and maintain the Company's REIT status. As a REIT, the Company generally will not be subject to corporate level federal income tax on net income it distributes currently to its stockholders. As such, no provision for federal income taxes has been included in the accompanying consolidated financial statements. If the Company fails to qualify as a REIT in any taxable year, then it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Company qualifies for taxation as a REIT, the Company may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income, if any.

The Company has made Taxable REIT Subsidiary elections for all of its corporate subsidiaries other than its Qualified REIT Subsidiaries. The elections, effective for the year beginning January 1, 2001 and future years, were made pursuant to section 856(l) of the Internal Revenue Code. The Company's Taxable REIT Subsidiaries are subject to corporate level income taxes which are provided for in the Company's consolidated financial statements.

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.

The following table reconciles net income available to common stockholders to taxable income available to common stockholders for the years ended December 31:

	2004	**2003**	**2002**
Net income available to common stockholders	$82,493	$113,218	$60,965
Add: Book depreciation and amortization available to common stockholders	117,882	73,343	49,113
Less: Tax depreciation and amortization available to common stockholders	(101,122)	(90,989)	(44,463)
Book/tax difference on gain on divestiture of real estate	(3,383)	(19,255)	(9,377)
Book/tax difference related to SFAS 141 purchase price allocation and market value debt adjustment (excluding SFAS 141 depreciation and amortization)	(12,436)	(7,523)	(2,683)
Other book/tax differences, net(1)	(3,529)	1,571	3,096
Taxable income available to common stockholders	$79,905	$70,365	$56,651

(1) Primarily due to rent, stock option exercises deductible for tax purposes and investments in unconsolidated joint ventures and Taxable REIT Subsidiaries.

For income tax purposes, distributions paid to common stockholders consist of ordinary income, capital gains, unrecaptured Section 1250 Gain and return of capital or a combination thereof. The following table details the components of the distributions for the years ended December 31:

	2004		2003		2002	
Ordinary income	$1.58	63.7%	$1.57	67.7%	$1.67	75.2%
Capital gains	$0.03	1.2%	$0.04	1.6%	$0.03	1.3%
Unrecaptured Section 1250 Gain	$0.00	0.0%	$0.08	3.3%	—	0.0%
Return of capital	$0.87	35.1%	$0.63	27.4%	$0.52	23.5%
Dividends paid or payable	$2.48	100.0%	$2.32	100.0%	$2.22	100.0%

Reclassifications:

Certain reclassifications have been made to the 2002 and 2003 consolidated financial statements to conform to the 2004 consolidated financial statements presentation.

Accounting for the Impairment or Disposal of Long-Lived Assets:

In October 2001, the Financial Accounting Standards Board ("FASB") issued SFAS 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets. This statement supersedes SFAS 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121"). SFAS 144 establishes a single accounting model, based on the framework established in SFAS 121, for long-lived assets to be disposed of by sale. The Company adopted SFAS 144 on January 1, 2002. The Company sold Boulder Plaza on March 19, 2002 and in accordance with SFAS 144 the results of Boulder Plaza for the periods from January 1, 2002 to March 19, 2002, have been reclassified into "discontinued operations" on the consolidated statements of operations. Total revenues associated with Boulder Plaza were $495 for the period January 1, 2002 to March 19, 2002. The Company sold Paradise Village Gateway, which was acquired on July 26, 2002, on January 2, 2003 and recorded a loss on sale of $0.2 million for the twelve months ending December 31, 2003. Total revenue associated with Paradise Village Gateway for the period ending December 31, 2002 was $2,356. Additionally, the Company sold Bristol Center on August 4, 2003, and the results from the period January 1, 2003 to August 4, 2003 and for the year ended December 31, 2002 have been reclassified to discontinued operations. The sale of Bristol Center resulted in a gain on sale of asset of $22.2 million in 2003. Total revenues associated with Bristol Center were $2,523 for the period from January 1, 2003 to August 4, 2003 and $3,966 for the year ended December 31, 2002.

The Company sold Westbar on December 16, 2004, and the results for the period January 1, 2004 to December 16, 2004 and for the year ended December 31, 2003 and for the period July 26, 2002 to December 31, 2002 have been reclassified to discontinued operations. The sale of Westbar resulted in a gain on sale of asset of $6,835. Total revenues associated with Westbar was approximately $4,784 for the period January 1, 2004 to December 16, 2004 and $5,738 for the year ended December 31, 2003 and $2,066 for the period July 26, 2002 to December 31, 2002.

Additionally, the results of Crossroads Mall in Oklahoma for the twelve months ending December 31, 2004, 2003 and 2002 have been reclassified to discontinued operations. The Company has identified this asset for disposition. Total revenues associated with Crossroads Mall were approximately $11,227, $12,249 and $11,798 for the years ended December 31, 2004, 2003 and 2002, respectively.

Early Extinguishment of Debt:

In May 2002, the FASB issued SFAS No. 145, "Rescission of SFAS Nos. 4, 44, and 64, Amendment of SFAS 13, and Technical Corrections" ("SFAS 145"), which is effective for fiscal years beginning after May 15, 2002. SFAS 145 rescinds SFAS 4, SFAS 44 and SFAS 64 and amends SFAS 13 to modify the accounting for sales-leaseback transactions. SFAS 4 required the classification of gains and losses resulting from extinguishments of debt to be classified as extraordinary items. In accordance with SFAS 145, the Company has reclassified losses from early extinguishment of debt from extraordinary items to continuing operations. Accordingly, the Company reclassified a loss of approximately $3,605 for the year ended December 31, 2002.

Financial Accounting Standards Board Interpretation Number ("FIN") 46—Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics: 1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity, and 2) the equity investors lack an essential characteristic of a controlling financial interest. FIN 46 was effective immediately for all variable interest entities acquired after January 31, 2003 and for the first fiscal year or interim period beginning after June 15, 2003 for variable interest entities in which an enterprise holds a variable interest that was acquired before February 1, 2003. In December 2003, the FASB deferred the effective date of FIN 46 for variable interests acquired before February 1, 2003 to the first reporting period ending after March 15, 2004. The Company has adopted the provisions of FIN 46 for all non-special purpose entities created after February 1, 2003, and the Company has determined that FIN 46 does not apply to its investments in such entities or that such entities are not variable interest entities. In considering investments in joint ventures made prior to February 1, 2003, the Company adopted the provisions of FIN 46. As a result, the adoption of FIN 46 did not have a material effect on the Company's consolidated financial statements. Effective July 1, 2003, the Company has consolidated Macerich Management Company ("MMC"), in accordance with FIN 46. Consolidating MMC did not have a material impact on the consolidated financial statements. Prior to July 1, 2003, MMC was accounted for under the equity method in the Company's consolidated financial statements.

Recent Accounting Pronouncements

In December 2004, the FASB issued Statement 123 (revised), "Share-Based Payment" ("FAS 123(R)"). FAS 123(R) requires that all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The new standard will be effective in the first reporting period ending after June 15, 2005. The adoption of this statement is not expected to have a material effect on the Company's results of operations or financial condition.

In December 2004, the FASB issued Statement 153 ("FAS 153"), "Exchanges of Nonmonetary Assets—an amendment of APB Opinion No. 29." The guidance in APB Opinion No. 29, *Accounting for Nonmonetary Transactions*, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. FAS 153 amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. FAS 153 will be effective in the first reporting period ending after June 15, 2005. The adoption of this statement is not expected to have a material effect on the Company's results of operations or financial condition.

On February 7, 2005, the SEC staff published certain views concerning the accounting by lessees for leasehold improvements, rent holidays, lessor funding of lessee expenditures and other tenant inducements. Although the application of these views to lessors was not specified by the SEC and a formal accounting standard modifying existing practice on these items has not been issued or proposed, the Company has conducted a detailed evaluation of its accounting relative to such items. The Company believes that our leases with our tenants that provide that leasehold improvements that the Company funds represent fixed assets that the Company owns and controls and that leases with such arrangements are properly accounted for as commencing at the completion of construction of such assets. On tenant leases that do not provide for landlord funding but rather provide for tenant funded construction and furnishing of the leased premises prior to the formal commencement of the lease the Company has concluded that the cumulative incremental straight-line rental revenue that would have been recognized on such leases if it had commenced with the turn-over of such space rather than the lease-specified commencement date to be immaterial to current and previous periods. Beginning on January 1, 2005, the Company will begin recognition of straight-line rental revenue on this accelerated basis for all new leases. This is not expected to have a material effect on future periods and will have no effect on periodic or cumulative cash flows to be received pursuant to a tenant lease.

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.

In accordance with SFAS 133—"Accounting for Derivative Instruments and Hedging Activities", the Company recognizes all derivatives in the consolidated financial statements and measures the derivatives at fair value. The Company uses derivative financial instruments in the normal course of business to manage or hedge interest rate risk. The Company requires that hedging derivative instruments are effective in reducing the risk exposure that they are designated to hedge. For derivative instruments associated with the hedge of an anticipated transaction, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Any instrument that meets these cash flow hedging criteria, and other criteria required by SFAS 133, is formally designated as a hedge at the inception of the derivative contract. When the terms of an underlying transaction are modified resulting in some ineffectiveness, the portion of the change in the derivative fair value related to ineffectiveness from period to period will be included in net income. If any derivative instrument used for risk management does not meet the hedging criteria then it is marked-to-market each period, however, generally the Company intends for its derivative transactions to meet all the hedge criteria and qualify as hedges.

On an ongoing quarterly basis, the Company adjusts its balance sheet to reflect the current fair value of its derivatives. Changes in the fair value of derivatives are recorded each period in income or comprehensive income, depending on whether the derivative is designated and effective as part of a hedged transaction. For derivatives that do not meet the cash flow hedging criteria, the Company reflects those on the balance sheet quarterly at fair value with the difference being reflected in income. To the extent that the change in value of a derivative does not perfectly offset the change in value of the instrument being hedged, the ineffective portion of the hedge is immediately recognized in income. There was no ineffective portions in 2004, 2003 or 2002. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to income. This reclassification occurs when the hedged items are also recognized in income. The Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

To determine the fair value of derivative instruments, the Company uses standard market conventions and techniques such as discounted cash flow anlaysis, option pricing models, and termination cost at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

Interest rate cap agreements were purchased by the Company from third parties to hedge the risk of interest rate increases on some of the Company's variable rate debt. Payments received as a result of the cap agreements are recorded as a reduction of interest expense. The fair value of the cap agreements are included in deferred charges. The fair value of these caps would vary with fluctuations in interest rates. The Company would be 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.

As of December 31, 2004 and 2003, the Company had $4,109 and $5,460 reflected in other comprehensive income related to treasury rate locks settled in prior years, respectively. The Company reclassified $1,351, $1,328 and $1,328 for the twelve months ended December 31, 2004, 2003 and 2002, respectively, related to treasury rate lock transactions settled in prior years from accumulated other comprehensive income to earnings. It is anticipated that a similar amount will be reclassified in 2005. Additionally, the Company recorded other comprehensive income (loss) of $245, $1,148 and ($319) related to the mark to market of interest rate swap agreements for the twelve months ended December 31, 2004, 2003 and 2002, respectively. The amount of other comprehensive income expected for 2005 from these interest rate caps and interest rate swap agreements are entirely dependent on interest rates and cannot be estimated. The interest rate caps and interest rate swap transactions are described below.

The $250,000 variable rate debt maturing in 2007 (See—Note 7) has an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005. The fair value of this swap agreement is reflected in other comprehensive income and the fair value at December 31, 2004 and 2003 is $1,900 and $228, respectively.

The Company has an interest rate cap with a notional amount of $30,000 on their loan at La Cumbre Plaza (See—Note 6). This interest rate cap prevents the interest rate from exceeding 7.12%. The fair value of this cap agreement at December 31, 2004 was zero.

The Company has an interest rate cap with a notional amount of $92,000 on their $108,000 loan on The Oaks (See—Note 6). This interest rate cap prevents the interest rate from exceeding 7.10%. The fair value of this cap agreement at December 31, 2004 and 2003 was zero.

Earnings Per Share ("EPS"):

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, 2004, 2003 and 2002. 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 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:

(In thousands, except per share data)

	For the years ended								
	2004			2003			2002		
	Net Income	**Shares**	**Per Share**	**Net Income**	**Shares**	**Per Share**	**Net Income**	**Shares**	**Per Share**
Net income	$91,633			$128,034			$81,382		
Less: Preferred stock dividends	9,140			14,816			20,417		
Basic EPS:									
Net income available to common stockholders	$82,493	58,537	$1.41	$113,218	53,669	$2.11	$60,965	37,348	$1.63
Diluted EPS:									
Conversion of OP units	19,870	14,178		28,907	13,663		20,189	12,263	
Employee stock options	—	384		—	480		—	455	
Restricted stock		n/a—antidilutive for EPS			n/a—antidilutive for EPS			n/a—antidilutive for EPS	
Convertible preferred stock		n/a—antidilutive for EPS		14,816	7,386			n/a—antidilutive for EPS	
Convertible debentures	—	—		—	—			n/a—antidilutive for EPS	
Net income available to common stockholders	$102,363	73,099	$1.40	$156,941	75,198	$2.09	$81,154	50,066	$1.62

The minority interest as reflected in the Company's consolidated statements of operations has been allocated for EPS calculations as follows:

	2004	**2003**	**2002**
Income from continuing operations	$17,364	$23,066	$12,223
Discontinued operations:			
Gain on sale of assets	1,387	4,470	6,440
Income from discontinued operations	1,119	1,371	1,526
Total	$19,870	$28,907	$20,189

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.

No Center or tenant generated more than 10% of total revenues during 2004, 2003 or 2002.

The Centers derived approximately 93.8%, 93.6% and 93.3% of their total minimum rents for the years ended December 31, 2004, 2003 and 2002, respectively, from Mall and Freestanding Stores. The Limited represented 3.6%, 4.3% and 5.1% of total minimum rents in place as of December 31, 2004, 2003 and 2002, respectively, and no other retailer represented more than 3.2%, 3.2% and 4.0% of total minimum rents as of December 31, 2004, 2003 and 2002, 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. In the twelve months ending December 31, 2004, the Company changed its estimate for common area expense recoveries applicable to prior periods. This change in estimate resulted in a $4,129 charge for the twelve months ending December 31, 2004.

3. Investments In Unconsolidated Joint Ventures and the Macerich Management Company:

The following are the Company's investments in various joint ventures or properties jointly owned with third parties. The Operating Partnership's interest in each joint venture as of December 31, 2004 is as follows:

Joint Venture	The Operating Partnership's Ownership %
Biltmore Shopping Center Partners LLC	50%
Corte Madera Village, LLC	50.1%
Macerich Northwestern Associates	50%
NorthPark Partners, LP	50%
NorthPark Land Partners, LP	50%
Pacific Premier Retail Trust	51%
SDG Macerich Properties, L.P.	50%
WM Inland, L.L.C.	50%
West Acres Development, LLP	19%
Westcor Joint Ventures:	
Regional Malls:	
East Mesa Mall, L.L.C.—Superstition Springs Center	33.3%

New River Associates—Arrowhead Towne Center	33.3%
Scottsdale Fashion Square Partnership	50%
Desert Sky Mall—Tenants in Common	50%
Other Properties/Affiliated Companies:	
Arrowhead Festival L.L.C.	5%
Camelback Colonnade Associates Limited Partnership	75%
Chandler Gateway SPE, LLC	50%
Chandler Village Center, LLC	50%
East Mesa Land, L.L.C.	50%
Jaren Associates #4	12.5%
Lee West, LLC	50%
Promenade Associates, L.L.C.	50%
Propcor Associates	25%
Propcor II Associates, LLC—Boulevard Shops	50%
Russ Lyon Realty/Westcor Venture I	50%
Chandler Festival SPE, LLC	50%
SanTan Village Phase 2, LLC	37.5%
Scottsdale 101/Associates	46%
Westcor/Gilbert, L.L.C.	50%
Westcor/Goodyear, L.L.C.	50%
Westlinc Associates—Hilton Village	50%
Westpen Associates	50%
Westcor/Surprise LLC	33%

The Company accounts for joint ventures using the equity method of accounting. In accordance with FIN 46, effective July 1, 2003, the Company began consolidating the accounts of MMC. Prior to July 1, 2003, the Company accounted for MMC under the equity method of accounting.

Although the Company has a greater than 50% interest in Pacific Premier Retail Trust, Camelback Colonnade and Corte Madera Village, LLC, the Company shares management control with these joint venture partners and accounts for these joint ventures using the equity method of accounting.

MerchantWired LLC was formed by six major mall companies, including the 9.6% interest owned by the Operating Partnership, to provide a private, high-speed IP network to malls across the United States. The members of MerchantWired LLC agreed to sell all their collective membership interests in MerchantWired LLC under the terms of a definitive agreement with Transaction Network Services, Inc. ("TNSI"). The transaction was expected to close in the second quarter of 2002, but TNSI unexpectedly informed the members of MerchantWired LLC that it would not complete the transaction. As a result, MerchantWired LLC shut down its operations and transitioned its customers to alternate service providers. The Company did not make further cash contributions to MerchantWired LLC and wrote-off its remaining investment of $8,947 during the three months ended June 30, 2002, which is reflected in the equity in income of unconsolidated joint ventures.

On July 26, 2002, the Operating Partnership acquired Westcor Realty Limited Partnership and its affiliated companies ("Westcor"), which included the joint ventures noted in the above schedule (See Note 4). The results of Westcor are included for the period subsequent to its date of acquisition.

On November 8, 2002, the Company purchased its joint venture partner's interest in Panorama City Associates for $23,700. Accordingly, the Company now owns 100% of Panorama City Associates which owns Panorama Mall in Panorama, California. The results of Panorama Mall prior to November 8, 2002 are accounted for using the equity method of accounting.

On January 31, 2003, the Company purchased its joint venture partner's 50% interest in FlatIron Crossing. Accordingly, the Company now owns 100% of FlatIron Crossing. The purchase price consisted of approximately $68,300 in cash plus the assumption of the joint venture partner's share of debt of $90,000. The results of FlatIron Crossing prior to January 31, 2003 were accounted for using the equity method of accounting.

On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for a total purchase price of approximately $65,868, which included the assumption of a proportionate amount of the partnership debt in the amount of approximately $34,709. The Company retained a 50.1% partnership interest and has continued leasing and managing the asset. Effective May 16, 2003, the Company began accounting for this property under the equity method of accounting.

On June 6, 2003, the Shops at Gainey Village, a 138,000 square foot Phoenix area specialty center, was sold for $55,724. The Company, which owned 50% of this property, received total proceeds of $15,816 and recorded a gain on sale of asset of $2,788.

On December 18, 2003, the Company acquired Biltmore Fashion Park, a 608,976 square foot regional mall in Phoenix, Arizona. The total purchase price was $158,543, which included the assumption of $77,381 of debt. The Company also issued 705,636 partnership units of the Operating Partnership at a price of $42.80 per unit. The balance of the Company's 50% share of the purchase price of $10,500 was funded by cash and borrowings under the Company's line of credit. Biltmore Fashion Park is owned in a 50/50 partnership with an institutional partner. The results of Biltmore Fashion Park are included for the period subsequent to its date of acquisition.

On January 30, 2004, the Company, in a 50/50 joint venture with a private investment company, acquired Inland Center, a 1 million square foot super-regional mall in San Bernardino, California. The total purchase price was $63,300 and concurrently with the acquisition, the joint venture placed a $54,000 fixed rate loan on the property. The balance of the Company's pro rata share of the purchase price was funded by cash and borrowings under the Company's line of credit. The results below of Inland Center are included for the period subsequent to its date of acquisition.

On May 11, 2004, the Company acquired an ownership interest in NorthPark Center, a 1.3 million square foot regional mall in Dallas, Texas. The Company's initial investment in the property was $30,005 which was funded by borrowings under the Company's line of credit. In addition, the Company assumed a pro rata share of debt of $86,599 and has committed to fund an additional $45,000. As of December 31, 2004, the Company's total investment in the joint venture was $49,075. The results below of NorthPark Center are included for the period subsequent to its date of acquisition.

Combined and condensed balance sheets and statements of operations are presented below for all unconsolidated joint ventures.

	December 31, 2004	**December 31, 2003**
Assets:		
Properties, net	$3,076,115	$2,961,855
Other assets	214,526	148,246
Total assets	$3,290,641	$3,110,101
Liabilities and partners' capital:		
Mortgage notes payable(1)	$2,326,198	$2,141,853
Other liabilities	85,956	102,516
The Company's capital(2)	455,669	412,988
Outside partners' capital	422,818	452,744
Total liabilities and partners' capital	$3,290,641	$3,110,101

(1) *Certain joint ventures have debt that could become recourse debt to the Company, in excess of its pro rata share, should the joint venture be unable to discharge the obligations of the related debt. As of December 31, 2004 and 2003, a total of $24,168 and $37,410 could become recourse debt to the Company, respectively.*

(2) *The Company's investment in joint ventures is $162,854 and $164,920 more than the underlying equity as reflected in the joint ventures financial statements as of December 31, 2004 and 2003, respectively. This represents the difference between the cost of an investment and the book value of the underlying equity of the joint venture. The Company is amortizing this difference into depreciation and amortization on a straight-line basis, consistent with the depreciable lives on property (See "Note 2: Summary of Significant Accounting Policies").*

COMBINED AND CONDENSED STATEMENTS OF OPERATIONS OF JOINT VENTURES AND THE MACERICH MANAGEMENT COMPANY

For the years ended December 31,

	2004					2003						2002					
	SDG Macerich Properties L.P.	**Pacific Premier Retail Trust**	**Westcor Joint Ventures**	**Other Joint Ventures**	**Total**	**SDG Macerich Properties L.P.**	**Pacific Premier Retail Trust**	**Westcor Joint Ventures**	**Other Joint Ventures**	**Macerich Mgmt Co.**	**Total**	**SDG Macerich Properties L.P.**	**Pacific Premier Retail Trust**	**Westcor Joint Ventures**	**Other Joint Ventures**	**Macerich Mgmt Co.**	**Total**
Revenues:																	
Minimum rents	$94,243	$111,303	$85,191	$63,347	$354,084	$95,628	$107,442	$95,757	$26,539	—	$325,366	$94,956	$103,824	$54,402	$23,158	—	$276,340
Percentage rents	5,377	6,711	4,134	7,152	23,374	5,126	6,126	3,420	1,680	—	16,352	5,156	5,407	2,560	1,600	—	14,723
Tenant recoveries	50,698	42,660	37,025	29,385	159,768	51,023	41,358	40,588	9,885	—	142,854	48,212	39,930	22,245	8,318	—	118,705
Management fee	—	—	—	—	—	—	—	—	—	$5,526	5,526	—	—	—	—	$10,153	10,153
Other	2,223	2,893	7,540	2,573	15,229	1,484	2,611	3,327	967	370	8,759	2,756	2,044	343	6,723	860	12,726
Total revenues	152,541	163,567	133,890	102,457	552,455	153,261	157,537	143,092	39,071	5,896	498,857	151,080	151,205	79,550	39,799	11,013	432,647
Expenses:																	
Management Company expense	—	—	—	—	—	—	—	—	—	3,173	3,173	—	—	—	—	8,343	8,343
Shopping center and operating expenses	62,209	47,984	44,892	39,446	194,531	62,095	46,357	47,112	11,184	—	166,748	58,852	44,252	25,316	16,134	—	144,554
Interest expense	29,923	46,212	32,977	27,993	137,105	29,096	47,549	36,261	11,393	(207)	124,092	30,517	48,330	18,782	9,818	(348)	107,099
Depreciation and amortization	27,410	26,009	24,394	19,483	97,296	26,675	24,610	25,637	5,385	1,300	83,607	25,152	23,784	16,021	9,234	1,509	75,700
Total operating expenses	119,542	120,205	102,263	86,922	428,932	117,866	118,516	109,010	27,962	4,266	377,620	114,521	116,366	60,119	35,186	9,504	335,696
Gain (loss) on sale or write-down of assets(1)	—	(11)	10,116	(70)	10,035	—	74	5,786	—	—	5,860	—	4,431	282	(107,389)	104	(102,572)
Loss on early extinguishment of debt	—	(1,036)	—	—	(1,036)	—	—	—	—	—	—	—	—	—	—	—	—
Net income (loss)	$32,999	$42,315	$41,743	$15,465	$132,522	$35,395	$39,095	$39,868	$11,109	$1,630	$127,097	$36,559	$39,270	$19,713	$(102,776)	$1,613	$(5,621)
Company's equity in income of unconsolidated joint ventures and the management company	$16,499	$21,563	$10,454	$6,365	$54,881	$17,698	$19,940	$16,198	$3,964	$1,548	$59,348	$18,280	$20,029	$10,144	$(6,937)	$1,533	$43,049

(1) In 2002, $106.2 million of the loss in Other Joint Ventures relates to MerchantWired, LLC.

Significant accounting policies used by the unconsolidated joint ventures and the Macerich Management Company are similar to those used by the Company. Included in mortgage notes payable are amounts due to affiliates of Northwestern Mutual Life ("NML") of $143,364 and $148,419, as of December 31, 2004 and 2003, 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 $9,814, $10,146 and $10,439 for the years ended December 31, 2004, 2003 and 2002, respectively.

4. Property:

Property is summarized as follows:

	December 31, 2004	December 31, 2003
Land	$642,392	$561,352
Building improvements	3,213,355	2,687,274
Tenant improvements	140,893	101,089
Equipment and furnishings	64,907	43,833
Construction in progress	88,229	268,811
	4,149,776	3,662,359
Less, accumulated depreciation	(575,223)	(475,634)
	$3,574,553	$3,186,725

Depreciation expense for the years ended December 31, 2004, 2003 and 2002 was $104,431, $83,523 and $64,946, respectively.

On July 1, 2004, the Company acquired the Mall of Victor Valley in Victorville, California and on July 20, 2004, the Company acquired La Cumbre Plaza in Santa Barbara, California. The Mall of Victor Valley is a 508,000 square foot regional mall and La Cumbre Plaza is a 494,000 square foot regional mall. The combined total purchase price was $151,300. The purchase price for the Mall of Victor Valley included the assumption of an existing fixed rate loan of $54,000 at 5.25% maturing in March, 2008. Concurrent with the closing of La Cumbre Plaza, a $30,000 floating rate loan was placed on the property with an initial interest rate of 2.29%. The balance of the purchase price was paid in cash and borrowings from the Company's revolving line of credit.

On November 16, 2004, the Company acquired Fiesta Mall, a 1 million square foot super regional mall in Mesa, Arizona. The total purchase price was $135,250 which was funded by borrowings under the Company's line of credit. On December 2, 2004, the Company placed a ten year $84,000 fixed rate loan at 4.88% on the property.

On December 16, 2004, the Company sold Westbar, a Phoenix area property that consisted of a collection of ground leases, a shopping center and land for $47,500. The sale of Westbar resulted in a gain on sale of asset of $6,835.

On December 30, 2004, the Company purchased the unaffiliated owners' 50% tenants in common interest in Paradise Village Ground Leases, Village Center, Village Crossroads, Village Fair and Paradise Village Office Park II. The total purchase price was $50,000 which included the assumption of the unaffiliated owners' share of debt of $15.2 million. The balance of the purchase price was paid in cash and borrowings from the Company's line of credit. Accordingly, the Company now owns 100% of these assets.

On January 2, 2003, the Company sold its 67% interest in Paradise Village Gateway for approximately $29,400 and recorded a loss on sale of $0.2 million. On May 15, 2003, the Company sold 49.9% of its partnership interest in the Village at Corte Madera for $65,868, which included the assumption of a proportionate share of debt in the amount of $34,709. This sale resulted in the Company recording a gain on sale of $8,537. On August 4, 2003, the Company sold Bristol Center for approximately $30,000 and recorded a gain on sale of $22,206. On September 15, 2003, the Company acquired Northridge Mall in Salinas, California. The total purchase price was $128,500 and was funded by the sale proceeds from Bristol Center and borrowings under the Company's line of credit. Additionally, the Company has recorded a gain of $0.9 million, $1.0 million and $0.1 million on the sale of peripheral land for the twelve months ending December 31, 2004, 2003 and 2002, respectively.

On January 31, 2003, the Company purchased its joint venture partner's 50% interest in FlatIron Crossing. Accordingly, the Company now owns 100% of FlatIron Crossing. The purchase price consisted of approximately $68,320 in cash plus the assumption of the joint venture partner's share of debt of $90,000. At January 31, 2003, prior to the acquisition of the remaining 50% interest, the Company's investment in FlatIron Crossing was $64,938.

On June 10, 2002, the Company acquired The Oaks, a 1.1 million square foot super-regional mall in Thousands Oaks, California. The total purchase price was $152,500 and was funded with $108,000 of debt, bearing interest at LIBOR plus 1.15%, placed concurrently with the acquisition. The balance of the purchase price was funded by cash and borrowings under the Company's line of credit.

On July 26, 2002, the Operating Partnership acquired Westcor Realty Limited Partnership and its affiliated companies ("Westcor"). The total purchase price was approximately $1,475,000 including the assumption of $733,000 in existing debt and the issuance of approximately $72,000 of convertible preferred operating partnership units at a price of $36.55 per unit. Additionally, $18,910 of partnership units of Westcor Realty Limited Partnership were issued to limited partners of Westcor which, subject to certain conditions, can be converted on a one for one basis into operating partnership units of the Operating Partnership. The balance of the purchase price was paid in cash which was provided primarily from a $380,000 interim credit facility, which was subsequently paid in full in 2002 and a $250,000 term loan which was subsequently paid in full in 2004.

A gain on sale or write-down of assets of $22,253 for the twelve months ended December 31, 2002 includes a gain of $13,910 as a result of the Company selling Boulder Plaza on March 19, 2002 and a gain of $12,162 as a result of the Company selling the former Montgomery Ward's site at Pacific View

Mall. This is offset by a loss of $3,029 as a result of writing-off the Company's various technology investments in the quarter ended June 30, 2002.

5. Deferred Charges And Other Assets:

Deferred charges and other assets are summarized as follows:

	December 31,	
	2004	2003
Leasing	$93,869	$70,685
Financing	29,410	23,167
Intangibles resulting from SFAS 141 allocations(1)		
In-place lease values	146,455	106,139
Leasing commissions and legal costs	12,617	12,203
	282,351	212,194
Less, accumulated amortization(2)	(86,298)	(53,281)
	196,053	158,913
Other assets	84,641	72,479
	$280,694	$231,392

(1) The estimated amortization of these intangibles for the next five years and subsequent is as follows:

Year ending December 31,		
2005	$	17,715
2006		14,000
2007		11,638
2008		10,139
2009		9,174
Subsequent		67,538
Total	$	130,204

(2) Accumulated amortization includes $28,868 and $10,139 relating to Intangibles from SFAS 141 allocations at December 31, 2004 and 2003, respectively.

Additionally, as it relates to SFAS 141, a deferred credit representing the allocated value to below market leases of $34,399 and $36,058 is recorded in "Other Accrued Liabilities" of the Company, as of December 31, 2004 and 2003, respectively. Accordingly, these credits will be amortized into minimum rents on a straight-line basis over the individual remaining lease terms. The estimated amortization of these credits for the next five years and subsequent years is as follows:

Years ending December 31,		
2005	$	6,641
2006		5,682
2007		4,277
2008		3,185
2009		2,420
Subsequent		12,194
Total	$	34,399

6. Mortgage Notes Payable:

Mortgage notes payable at December 31, 2004 and December 31, 2003 consist of the following:

	Carrying Amount of Notes(1)						
	2004		2003				
Property Pledged as Collateral	Other	Related Party	Other	Related Party	Interest Rate	Payment Terms	Maturity Date
Arizona Lifestyle Galleries(b)	—	—	$446	—	3.81%	$10(a)	(c)
Borgata	$15,941	—	16,439	—	5.39%	115(a)	2007
Capitola Mall	—	$44,038	—	$45,402	7.13%	380(a)	2011
Carmel Plaza	27,426	—	27,762	—	8.18%	202(a)	2009
Chandler Fashion Center	178,646	—	181,077	—	5.48%	1,043(a)	2012
Chesterfield Towne Center	59,696	—	60,804	—	9.07%	548(d)	2024
Citadel	65,911	—	67,626	—	7.20%	554(a)	2008
Crossroads Mall—Boulder	—	—	—	33,016	7.08%	244(a)	(e)
Fiesta Mall(f)	84,000	—	—	—	4.88%	interest only	2015
Flagstaff Mall	13,668	—	14,319	—	5.39%	121(a)	2006
FlatIron Crossing	197,170	—	199,770	—	5.23%	1,102(a)	2013
Fresno Fashion Fair	66,415	—	67,228	—	6.52%	437(a)	2008
Greeley Mall(g)	29,382	—	29,878	—	6.18%	197(a)	2013
La Cumbre Plaza(h)	30,000	—	—	—	3.28%	interest only	2007
La Encantada(i)	42,648	—	28,460	—	4.03%	interest only	2005
Northridge Mall(j)	85,000	—	—	—	4.84%	interest only	2009
Northwest Arkansas Mall	55,937	—	57,336	—	7.33%	434(a)	2009
Pacific View	92,703	—	93,723	—	7.16%	648(a)	2011
Panorama Mall(k)	32,250	—	32,250	—	3.15%	87(a)	2005
Paradise Valley Mall	78,797	—	80,515	—	5.39%	506(a)	2007
Paradise Valley Mall	23,870	—	24,628	—	5.89%	183(a)	2009
Prescott Gateway(l)	35,280	—	40,753	—	3.63%	interest only	2007
PVOP II(b)	—	—	1,536	—	5.85%	11(a)	2009
Paradise Village Ground Leases(b)	7,463	—	3,864	—	5.39%	56(a)	2006
Queens Center	94,792	—	96,020	—	6.88%	633(a)	2009
Queens Center(m)	97,743	97,744	50,667	50,666	4.78%	interest only	2013
Rimrock Mall	44,571	—	45,071	—	7.45%	320(a)	2011
Salisbury, Center at(n)	79,875	—	—	—	2.75%	interest only	2006
Santa Monica Place	81,958	—	82,779	—	7.70%	606(a)	2010
Scottsdale 101/Associates(o)	38,056	—	—	—	4.14%	interest only	2006
South Plains Mall	61,377	—	62,120	—	8.22%	454(a)	2009
South Towne Center	64,000	—	64,000	—	6.61%	interest only	2008
The Oaks(p)	108,000	—	108,000	—	2.64%	interest only	2005
Valley View Center	51,000	—	51,000	—	7.89%	interest only	2006
Victor Valley, Mall of	54,729	—	—	—	4.60%	304(a)	2008
Village Center(b)	7,248	—	3,801	—	5.39%	62(a)	2006
Village Crossroads(b)	4,695	—	2,453	—	4.81%	37(a)	2005
Village Fair North(b)	11,823	—	6,055	—	5.89%	82(a)	2008
Village Plaza	5,316	—	5,586	—	5.39%	47(a)	2006
Village Square I & II	4,659	—	4,892	—	5.39%	41(a)	2006
Vintage Faire Mall	67,101	—	67,873	—	7.89%	508(a)	2010
Westbar	—	—	4,216	—	4.22%	35(a)	(q)
Westbar	—	—	7,380	—	4.22%	66(a)	(r)
Westside Pavilion	96,192	—	97,387	—	6.67%	628(a)	2008
Total	$2,195,338	$141,782	$1,787,714	$129,084			

(1) The mortgage notes payable balances include the unamortized debt premiums. These debt premiums represent the excess of the fair value of debt over the principal value of debt assumed in various acquisitions subsequent to

March, 1994 (with interest rates ranging from 3.81% to 7.68%). The debt premiums are being amortized into interest expense over the term of the related debt, in a manner which approximates the effective interest method.

The debt premiums as of December 31, 2004 and 2003 consist of the following:

	2004	**2003**
Borgata	$831	$1,124
Flagstaff Mall	308	593
Paradise Valley Mall	1,576	2,363
Paradise Valley Mall	1,271	1,564
Paradise Village Ground Leases(b)	152	138
PVOP II(b)	—	99
Victor Valley, Mall of	1,022	—
Village Center(b)	174	157
Village Crossroads(b)	88	110
Village Fair North(b)	340	219
Village Plaza	284	438
Village Square I and II	101	194
Westbar	—	33
Westbar	—	151
Total	$6,147	$7,183

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

(b) *As of December 31, 2003, these properties were being held by the owners as tenants in common and the Company had a direct undivided 50% interest in these properties. On December 30, 2004, the Company acquired 100% interest in these properties, except Arizona Lifestyle Galleries. Additionally, the Arizona Lifestyle Galleries loan was paid off in full on March 26, 2004 and the PVOP II loan was paid off in full on November 30, 2004.*

(c) *This loan was paid off in full on March 24, 2004.*

(d) *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 $658, $824 and $882 for the twelve months ended December 31, 2004, 2003 and 2002, respectively.*

(e) *This note was issued at a discount. The discount was being amortized over the life of the loan using the effective interest method. At December 31, 2003, the unamortized discount was $231. This loan was paid off in full on February 3, 2004. The Company recognized a $405 loss on early extinguishment of debt.*

(f) *On December 2, 2004, the Company placed this ten year fixed rate loan at 4.88%.*

(g) *On August 7, 2003, the Company paid off the old loan and placed a new $30,000 ten-year fixed rate loan at an interest rate of 6.18%. The Company recognized a $126 loss on early extinguishment of the old debt in 2003.*

(h) *Concurrent with the acquisition of this property, the Company placed a $30,000 floating rate loan bearing interest at LIBOR plus 0.88% with an initial interest rate of 2.29%. The loan matures August 9, 2007 with two one-year extensions through August 9, 2009. At December 31, 2004, the total interest rate was 3.28%. This variable rate*

debt is covered by an interest rate cap agreement over the loan term which effectively prevents the interest rate from exceeding 7.12%.

(i) *This represents a construction loan which shall not exceed $51,000 bearing interest at LIBOR plus 2.0%. At December 31, 2004 and December 31, 2003, the total interest rate was 4.03% and 3.18%, respectively.*

(j) *On June 30, 2004, the Company placed a new $85,000 loan maturing in 2009. The loan floats at LIBOR plus 2.0% for six months and then converts to a fixed rate loan at 4.94%. The effective interest rate over the entire term is 4.84%.*

(k) *This loan bears interest at LIBOR plus 1.65%.*

(l) *This represented a construction loan which was not to exceed $46,300 and bore interest at LIBOR plus 2.25%. At December 31, 2003, the total interest rate was 3.52%. Effective February 18, 2004, the loan commitment was reduced to $44,320. On July 31, 2004, this construction loan matured and was replaced with a three-year loan, plus two one-year extension options at LIBOR plus 1.65%.. At December 31, 2004, the total interest rate was 3.63%.*

(m) *This represents a $225,000 construction loan bearing interest at LIBOR plus 2.50%. The loan converts to a permanent fixed rate loan at 7%, subject to certain conditions including completion and stabilization of the expansion and redevelopment project. As of December 31, 2004 and December 31, 2003, the total interest rate was 4.78% and 3.62%, respectively. NML is the lender for 50% of the construction loan. The funds advanced by NML is considered related party debt as they are a joint venture partner with the Company in Macerich Northwestern Associates.*

(n) *This floating rate loan was issued on February 18, 2004. The loan bears interest at LIBOR plus 1.375% and matures February 20, 2006 with a one-year extension option. At December 31, 2004, the total interest rate was 2.75%.*

(o) *The property has a construction note payable which shall not exceed $54,000, bearing an interest rate of LIBOR plus 2.00%. At December 31, 2004, the total interest rate was 4.14%.*

(p) *Concurrent with the acquisition of the mall, the Company placed a $108,000 loan bearing interest at LIBOR plus 1.15% and maturing July 1, 2004 with three consecutive one year options. $92,000 of the loan is at LIBOR plus 0.7% and $16,000 is at LIBOR plus 3.75%. In July 2004, the Company extended the loan maturity to July 2005. This variable rate debt is covered by an interest rate cap agreement over the loan term which effectively prevents the interest rate from exceeding 7.10%. At December 31, 2004 and December 31, 2003, the total weighted average interest rate was 2.64% and 2.32%, respectively.*

(q) *This entire loan was paid off in full on October 1, 2004.*

(r) *This entire loan was paid off in full on February 10, 2004.*

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

Total interest expense capitalized during the twelve months ended December 31, 2004, 2003 and 2002 was $8,953, $12,132 and $7,812, respectively.

The fair value of mortgage notes payable is estimated to be approximately $2,479,148 and $2,020,688, at December 31, 2004 and December 31, 2003, respectively, based on current interest rates for comparable loans.

The above debt matures as follows:

Years Ending December 31,	Total
2005	215,755
2006	233,424
2007	182,404
2008	364,241
2009	250,684
2010 and beyond	1,090,612
	$2,337,120

7. Bank Notes Payable:

The Company had a $425,000 revolving line of credit. This revolving line of credit had a three-year term through July 26, 2005 with a one-year extension option. The interest rate fluctuated from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. As of December 31, 2003, $319,000 of borrowings were outstanding under this credit facility at an average interest rate of 3.69%. On July 30, 2004, the Company amended and expanded the revolving line of credit to $1,000,000 and extended the maturity to July 30, 2007 plus a one-year extension. The interest rate has been reduced to 1.50% over LIBOR based on the Company's current leverage level. This interest rate fluctuates from LIBOR plus 1.15% to LIBOR plus 1.70% depending on the Company's overall leverage level. As of December 31, 2004, $643,000 of borrowings were outstanding at an average interest rate of 3.81%.

On July 26, 2002, the Company placed a $250,000 term loan with a maturity of up to three years with two one-year extension options and an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. At December 31, 2003, $196,800 of the term loan was outstanding at an interest rate of 3.95%. On July 30, 2004, the entire term loan was paid off in full with borrowings from the Company's amended and expanded line of credit.

On May 13, 2003, the Company issued $250,000 in unsecured notes maturing in May 2007 with a one-year extension option bearing interest at LIBOR plus 2.50%. The proceeds were used to pay down and create more availability under the Company's line of credit. At December 31, 2004 and 2003, $250,000 was outstanding at an interest rate of 4.45%. In October 2003, the Company entered into an interest rate swap agreement which effectively fixed the interest rate at 4.45% from November 2003 to October 13, 2005.

Additionally, as of December 31, 2004 and 2003, the Company has contingent obligations of $6,934 and $29,597, respectively, in letters of credit guaranteeing performance by the Company of certain obligations relating to the Centers. The Company does not believe that these letters of credit will result in a liability to the Company.

8. Convertible Debentures:

During 1997, the Company issued and sold $161,400 of its convertible subordinated debentures (the "Debentures"). The Debentures, which were sold at par, bore interest at 7.25% annually (payable semi-annually) and were convertible into common stock at any time, on or after 60 days, from the date of issue at a conversion price of $31.125 per share. In November and December 2000, the Company purchased and retired $10,552 of the Debentures. The Company recorded a gain on early extinguishment of debt of $1,018 related to the transaction. In December 2001, the Company purchased and retired an additional $25,700 of the Debentures. The Debentures matured on December 15, 2002. On December 13, 2002, the Debentures were repaid in full with the Company's revolving credit facility.

9. Related-Party Transactions:

The Company engaged MMC and certain of the Westcor Management Companies to manage the operations of certain unaffiliated properties and unconsolidated joint ventures. Under these arrangements, MMC and the Westcor Management Companies are reimbursed for compensation paid to on-site employees, leasing agents and project managers at the Centers, as well as insurance costs and other administrative expenses. During 2004, 2003 and 2002, management fees of $9,678, $8,434 and $7,920, respectively, were paid to MMC by the joint ventures. During 2004 and 2003, development and leasing fees of $868 and $284, respectively were paid to MMC by the joint ventures. During 2004, 2003 and for the period July 26, 2002 to December 31, 2002, management fees of $5,008, $4,674 and $2,791 for the unconsolidated entities were paid to the Westcor Management Companies by the joint ventures, respectively. During 2004, 2003 and for the period July 26, 2002 to December 31, 2002, development and leasing fees of $2,296, $1,734 and $922 for the unconsolidated entities were paid to the Westcor Management Companies by the joint ventures, respectively. Prior to July 1, 2003, the accounting of MMC is reflected in the Company's financial statements on the equity method and accordingly the fees paid to MMC prior to that date are not reflected in revenue in the Company's consolidated financial statements.

Certain mortgage notes are held by one of the Company's joint venture partners. Interest expense in connection with these notes was $5,800, $5,689 and $5,815 for the years ended December 31, 2004, 2003 and 2002, respectively. Included in accounts payables and accrued expense is interest payable to these partners of $535 and $252 at December 31, 2004 and 2003, respectively.

As of December 31, 2004 and 2003, the Company has loans to unconsolidated joint ventures of $6,643 and $29,237, respectively. Interest income in connection with these notes was $426 and $2,511 for the years ended December 31, 2004 and 2003. These loans represent initial funds advanced to development stage projects prior to construction loan fundings. Correspondingly, loans payable from unconsolidated joint ventures in this same amount have been accrued as an obligation of various joint ventures.

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

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,	
2005	$339,875
2006	299,119
2007	271,700
2008	246,126
2009	220,207
2010 and beyond	776,001
	$2,153,028

11. Commitments and Contingencies:

The Company has certain properties subject to noncancellable operating ground leases. The leases expire at various times through 2098, 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 $2,530, $1,350 and $1,252 for the years ended December 31, 2004, 2003 and 2002, respectively. No contingent rent was incurred for the years ended December 31, 2004, 2003 and 2002.

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

Years Ending December 31,

2005	$3,395
2006	3,420
2007	3,523
2008	3,635
2009	3,879
2010 and beyond	462,049
	$479,901

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 the 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. 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. A total of $97, $77 and $211 have already been incurred by the joint venture for remediation, professional and legal fees for the years ending December 31, 2004, 2003 and 2002, respectively. The Company has been sharing costs with former owners of the property. An additional $84 remains reserved at December 31, 2004.

The Company acquired Fresno Fashion Fair in December 1996. Asbestos was 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 of .1 fcc. The accounting at acquisition included a reserve of $3,300 to cover future removal of this asbestos, as necessary. The Center was recently renovated and a substantial amount of the asbestos was removed. The Company incurred $121, $1,622 and $247 in remediation costs for the years ending December 31, 2004, 2003 and 2002, respectively. An additional $618 remains reserved at December 31, 2004.

On December 23, 2004, the Company announced that it had signed a definitive agreement to acquire Wilmorite Properties, Inc. and Wilmorite Holdings L.P. ("Wilmorite"). The total purchase price will be approximately $2,333,000, including the assumption of approximately $878,000 of existing debt at an average interest rate of 6.43% and the issuance of convertible preferred units and common units totaling an estimated $320,000. Approximately $210,000 of the convertible preferred units can be redeemed, subject to certain conditions, for that portion of the Wilmorite portfolio generally located in the greater Rochester area. The balance of the consideration to Wilmorite's equity holders will be paid in cash. This transaction has been approved by each company's Board of Directors, subject to customary closing conditions. A majority-in-interest of the limited partners of Wilmorite Holdings L.P. and of the stockholders of its general partner, Wilmorite Properties, Inc., have also approved this acquisition. It is currently anticipated that this transaction will be completed in April, 2005.

12. Profit Sharing Plan/Employee Stock Purchase Plan:

MMC 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. This plan was further amended effective February 1, 1999, to add the Macerich Company Common Stock Fund as a new investment alternative under the plan. A total of 150,000 shares of common stock were reserved for issuance under the plan. Contributions by MMC to the plan were made at the discretion of the Board of Directors and were based upon a specified percentage of employee compensation. MMC and the Company contributed $1,694, $1,195 and $1,050 to the plan during the years ended December 31, 2004, 2003 and 2002, respectively. On January 1, 2004, the plan adopted the "Safe Harbor" provision under Sections 401(k)(12) and 401(m)(11) of the Internal Revenue Code. In accordance with these newly adopted provisions, the Company began matching contributions equal to 100 percent of the first three percent of compensation deferred by a participant and 50 percent of the next two percent of compensation deferred by a participant. During 2004, these matching contributions made by MMC and the Company totaled $1,699.

The Board of Directors and stockholders of the Company approved an Employee Stock Purchase Plan ("ESPP") in 2003. Under the ESPP, shares of the Company's Common Stock are available for purchase by eligible employees who elect to participate in the ESPP. Eligible employees will be entitled to purchase limited amounts of the Company's Common Stock during periodic offering periods. The shares are offered at up to a 10% discount from their fair market value as of specified dates. Initially, the 10% discount is applied against the lower of the stock value at the beginning or the end of each six-month offering period under the ESPP. A maximum of 750,000 shares of Common Stock is available for delivery under the

ESPP. The first offering period was from January 1, 2004 through June 30, 2004. A total of 3,644 shares were issued under the ESPP during 2004.

13. Stock Plans:

The Company has established employee stock incentive plans under which stock options, restricted stock and/or other stock awards 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 plans. The term of these options is ten years from the grant date. These options generally vest $33^{1}/_{3}$% per year and were issued and are exercisable at the market value of the common stock at the grant date.

In addition, in 2003 the Company's Board of Directors and stockholders approved a 2003 Equity Incentive Plan (the "2003 Plan"). The aggregate number of shares of Common Stock that may be issued pursuant to the 2003 Plan is six million shares. The 2003 Plan authorizes the grant of stock options, stock appreciation rights, restricted stock, stock units, stock bonuses, performance based awards, dividend equivalent rights and operating partnerships units or other convertible or exchangeable units. Any option granted under the 2003 Plan will have a term not to exceed 10 years.

The Company issued 1,487,509 shares of restricted stock under the employees stock incentive plans to executives as of December 31, 2004. These awards were granted based on certain performance criteria for the Company and the employees. The restricted stock generally vests over three to five years and the compensation expense related to these grants is determined by the market value at the grant date and is amortized over the vesting period on a straight-line basis. As of December 31, 2004, 2003 and 2002, 1,001,664, 681,550 and 466,909 shares, respectively, of restricted stock had vested. A total of 153,692 shares at a weighted average price of $53.90 were issued in 2004, a total of 374,846 shares at a weighted average price of $32.71 were issued in 2003, and a total of 262,082 shares at a weighted average price of $30.19 were issued in 2002. 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 $8,394, $7,492 and $4,784 in 2004, 2003 and 2002, respectively.

Approximately 5,802,247 and 5,955,939 of additional shares were reserved and were available for issuance under the 2003 Plan at December 31, 2004 and 2003, respectively. The 2003 Plan allows for, among other things, granting options or restricted stock at market value.

In addition, the Company established a Director Phantom Stock Plan which offers eligible non-employee directors the opportunity to defer cash compensation for up to three years and to receive that compensation in shares of Common Stock rather than in cash after termination of service or a predetermined period. Deferred amounts are credited as stock units at the beginning of the applicable deferrable period based on the then current market price of the Common Stock. Stock unit balances are credited with dividend equivalents (priced at market) and are ultimately paid out in shares on a 1:1 basis. A maximum of 250,000 shares of Common Stock may be issued in total under the Director Phantom Stock Plan. As of December 31, 2004 and 2003, 92,292 and 88,107 stock units had been credited to the accounts of the Company's non-employee directors, respectively. Additionally, a liability of $4,876 and $3,921 is included in the Company's consolidated financial statements as of December 31, 2004 and 2003, respectively.

The following table summarizes all stock options granted, exercised or forfeited under the employee and director plans over the last three years:

	Incentive Stock Option Plans		Non-Employee Director Plan			
	Shares	**Option Price Per Share**	**Shares**	**Option Price Per Share**	**# of Options Exercisable At Year End**	**Weighted Average Exercise Price On Exercisable Options At Year End**
Shares outstanding at December 31, 2001	1,784,929		43,000		1,609,740	$21.56
Granted	25,000	$30.75	—			
Exercised	(207,059)	$19.00-$26.88	—			
Shares outstanding at December 31, 2002	1,602,870		43,000		1,599,165	$22.07
Granted	2,500	$39.43	—			
Exercised	(503,454)	$19.00-$27.38	(16,500)	$19.00-$26.60		
Forfeited	(43,192)		—			
Shares outstanding at December 31, 2003	1,058,724		26,500		1,085,224	$22.38
Granted	—		—			
Exercised	(455,984)	$19.00-$27.38	(10,000)	$19.19-$28.50		
Forfeited	—	—				
Shares outstanding at December 31, 2004	602,740		16,500		619,240	$23.70

The Company recorded options granted using Accounting Principles Board (APB) opinion Number 25, "Accounting for Stock Issued to Employees and Related Interpretations" through December 31, 2001. Effective January 1, 2002, the Company adopted the fair value provisions of SFAS 123 and prospectively expenses all stock options issued subsequent to January 1, 2002. No stock options were granted by the Company in 2004. On October 8, 2003, the Company granted 2,500 stock options. On December 31, 2002, the Company granted 25,000 stock options. The expense as determined under SFAS 123 was not material to the Company's consolidated financial statements for the years ended December 31, 2003 and 2002.

The weighted average exercise price for options granted in 2002 was $30.75 and $39.43 in 2003. The weighted average remaining contractual life for options outstanding at December 31, 2004 was 5 years and the weighted average remaining contractual life for options exercisable at December 31, 2003 was 5 years.

The weighted average fair value of options granted during 2003 and 2002 was $3.37 and $1.63, respectively. The fair value of each option grant issued in 2003 and 2002 was estimated at the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: (a) dividend yield of 4.7% in 2003 and 7.22% in 2002, (b) expected volatility of the Company's stock of 37.2% in 2003 and 16.68% in 2002, (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 years for options granted in 2003 and 2002.

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 at its sole discretion, credit a participant's account with an amount equal to a percentage of the participant's deferral. The Company contributed $632, $547 and $546 to the plans during the years ended December 31, 2004, 2003 and 2002, respectively.

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. Since July 30, 2002, the effective date of the Sarbanes-Oxley Act of 2002, the Company has not made any premium payments on the policies.

15. Cumulative Convertible Redeemable Preferred Stock:

On February 25, 1998, the Company issued 3,627,131 shares of Series A cumulative convertible redeemable preferred stock ("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 16, 1998, the Company issued 5,487,471 shares of Series B cumulative convertible redeemable preferred stock ("Series B Preferred Stock") for proceeds totaling $150,000 in a private placement. The preferred stock could have been converted on a one for one basis into common stock and paid a quarterly dividend equal to the greater of $0.46 per share, or the dividend then payable on a share of common stock. On September 9, 2003, all of the shares of Series B Preferred Stock were converted to 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 has not been declared and/or paid.

The holders of Series A Preferred Stock have redemption rights if a change of control of the Company occurs, as defined under the respective Articles Supplementary for each series. Under such circumstances, the holders of the Series A Preferred Stock are entitled to require the Company to redeem their shares, to the extent the Company has funds legally available therefor, at a price equal to 105% of their respective liquidation preference plus accrued and unpaid dividends. The Series A Preferred Stock holder also has the right to require the Company to repurchase its shares if the Company fails to be taxed as a REIT for federal tax purposes at a price equal to 115% of its liquidation preference plus accrued and unpaid dividends, to the extent funds are legally available therefor.

16. Quarterly Financial Data (Unaudited):

The following is a summary of quarterly results of operations for 2004 and 2003:

	2004 Quarter Ended				2003 Quarter Ended			
	Dec 31	**Sep 30**	**Jun 30**	**Mar 31**	**Dec 31**	**Sep 30**	**Jun 30**	**Mar 31**
Revenues(1)	$163,005	$129,508	$129,935	$124,820	$139,352	$115,942	$115,387	$112,896
Net income (loss) available to common stockholders	$29,967	$17,298	$17,113	$18,115	$25,489	$39,730	$28,574	$19,425
Net income (loss) available to common stockholders per share—basic	$0.51	$0.29	$0.30	$0.31	$0.44	$0.74	$0.55	$0.38
Net income (loss) available to common stockholders per share—diluted(2)	$0.51	$0.29	$0.29	$0.31	$0.44	$0.69	$0.55	$0.37

(1) Revenues as reported in the Company's Form 10-Q's have been reclassified to reflect SFAS No. 144 for discontinued operations.

(2) The sum of the four quarters do not equal the year for 2003.

17. Segment Information:

SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information" ("SFAS 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, development, redevelopment, management and leasing of regional and community shopping centers. Additionally, the Company operates in one geographic area, the United States.

18. Common Stock Offerings:

On February 28, 2002, the Company issued 1,968,957 common shares with total net proceeds of $51,941. The proceeds from the sale of the common shares were used principally to finance a portion of the Queens Center expansion and redevelopment project and for general corporate purposes.

On November 27, 2002, the Company issued 15,200,000 common shares with total net proceeds of $420,300. The proceeds of the offering were used to pay off a $380,000 interim loan incurred concurrent with the Westcor acquisition and a portion of other acquisition debt (See Note 4).

19. Subsequent Events:

On January 11, 2005, the Company became a 15% owner in a joint venture that acquired Metrocenter, a 1.4 million square foot super-regional mall in Phoenix, Arizona. The total purchase price was $160,000 and concurrently with the acquisition, the joint venture placed a $112,000 loan on the property. The Company's share of the purchase price, net of the debt, was $7,200 which was funded by cash and borrowings under the Company's line of credit.

Effective January 21, 2005, the Company formed a 50/50 joint venture with a private investment company. The joint venture acquired a 49% interest in Kierland Commons, a 320,000 square foot mixed use center in Scottsdale, Arizona. The joint venture's purchase price for the interest in the center was $49,000. The Company assumed its share of the underlying property debt and funded the remainder of its share of the purchase price by cash and borrowings under the Company's line of credit.

On February 4, 2005, a dividend/distribution of $0.65 per share was declared for common stockholders and OP Unit holders of record on February 23, 2005. In addition, the Company declared a dividend of $0.65 on the Company's Series A Preferred Stock. All dividends/distributions will be payable on March 8, 2005.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Stockholders of
Pacific Premier Retail Trust

We have audited the accompanying consolidated balance sheet of Pacific Premier Retail Trust, a Maryland Real Estate Investment Trust (the "Trust") as of December 31, 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended. Our audit also included the consolidated financial statement schedule listed in the Index at Item 15(a)(4), as of and for the year ended December 31, 2004. These consolidated financial statements and the consolidated financial statement schedule are the responsibility of the Trust's management. Our responsibility is to express an opinion on these consolidated financial statements and the consolidated financial statement schedule based on our audit. The consolidated financial statements and the consolidated financial statement schedules of the Trust for the years ended December 31, 2003 and 2002 were audited by other auditors whose report, dated March 11, 2004, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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, based on our audit and the report of the other auditors, such financial statements present fairly, in all material respects, the financial position of the Trust as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, based on our audit and the report of the other auditors, the consolidated financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

Deloitte & Touche LLP
Los Angeles, California
March 25, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Stockholders of
Pacific Premier Retail Trust:

In our opinion, the accompanying consolidated financial statements listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the financial position of Pacific Premier Retail Trust (the "Trust") at December 31, 2003, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule of the Trust listed in the index appearing under Item 15(a)4 presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These financial statements and financial statement schedule are the responsibility of the Trust's management; our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits. We conducted our audits of these statements and financial statement schedule in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Los Angeles, CA
March 11, 2004

PACIFIC PREMIER RETAIL TRUST

(A Maryland Real Estate Investment Trust)

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	December 31,	
	2004	2003
ASSETS		
Property, net	$968,724	$973,016
Cash and cash equivalents	14,826	6,138
Restricted cash	2,118	2,780
Tenant receivables, net	7,816	8,476
Deferred rent receivables	9,695	9,834
Deferred charges, less accumulated amortization of $6,588 and $4,766 at December 31, 2004 and 2003, respectively	8,325	7,489
Other assets	1,556	1,988
Total assets	$1,013,060	$1,009,721
LIABILITIES AND STOCKHOLDERS' EQUITY:		
Mortgage notes payable:		
Related parties	$77,538	$80,875
Others	607,916	599,220
Total	685,454	680,095
Accounts payable	2,811	1,252
Accrued interest payable	3,290	3,447
Accrued real estate taxes	418	813
Tenant security deposits	1,580	1,462
Other accrued liabilities	7,061	4,764
Due to related parties	926	2,302
Total liabilities	701,540	694,135
Commitments (Note 8)		
Stockholders' equity:		
Series A and Series B redeemable preferred stock, $.01 par value, 625 shares authorized, issued and outstanding at December 31, 2004 and 2003	—	—
Series A and B common stock, $.01 par value, 219,611 shares authorized, issued and outstanding at December 31, 2004 and 2003	2	2
Additional paid-in capital	307,613	307,613
Accumulated earnings	3,905	7,971
Total stockholders' equity	311,520	315,586
Total liabilities and stockholders' equity	$1,013,060	$1,009,721

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

PACIFIC PREMIER RETAIL TRUST

(A Maryland Real Estate Investment Trust)

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2004, 2003 and 2002

(Dollars in thousands)

	2004	2003	2002
Revenues:			
Minimum rents	$ 111,303	$ 107,442	$ 103,824
Percentage rents	6,711	6,126	5,407
Tenant recoveries	42,660	41,358	39,930
Other	2,893	2,611	2,044
Total revenues	163,567	157,537	151,205
Expenses:			
Interest	46,212	47,549	48,330
Depreciation and amortization	26,009	24,610	23,784
Maintenance and repairs	9,658	9,643	10,056
Real estate taxes	12,911	12,167	11,248
Management fees	5,779	5,519	5,196
General and administrative	4,901	4,254	2,665
Ground rent	1,309	1,218	1,114
Insurance	1,815	2,156	2,175
Marketing	613	599	551
Utilities	5,936	6,177	6,900
Security	4,935	4,520	4,252
Total expenses	120,078	118,412	116,271
Income before (loss) gain on sale of asset, minority interest and loss on early extinguishment of debt	43,489	39,125	34,934
(Loss) gain on sale of asset	(11)	74	4,431
Minority interest	(127)	(104)	(95)
Loss on early extinguishment of debt	(1,036)	—	—
Net income	$42,315	$39,095	$39,270

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

PACIFIC PREMIER RETAIL TRUST

(A Maryland Real Estate Investment Trust)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

For the Years Ended December 31, 2004, 2003 and 2002

(Dollars in thousands, except share data)

	Common Stock (# of shares)	Preferred Stock (# of shares)	Common Stock Par Value	Additional Paid in Capital	Accumulated (Deficit) Earnings	Total Stockholders' Equity
Balance December 31, 2001	219,611	625	$2	$307,613	$6,778	$314,393
Distributions paid to Macerich PPR Corp.					(23,801)	(23,801)
Distributions paid to Ontario Teachers' Pension Plan Board					(23,016)	(23,016)
Other distributions paid					(75)	(75)
Net income					39,270	39,270
Balance December 31, 2002	219,611	625	2	307,613	(844)	306,771
Distributions paid to Macerich PPR Corp.					(15,381)	(15,381)
Distributions paid to Ontario Teachers' Pension Plan Board					(14,824)	(14,824)
Other distributions paid					(75)	(75)
Net income					39,095	39,095
Balance December 31, 2003	219,611	625	2	307,613	7,971	315,586
Distributions paid to Macerich PPR Corp.					(23,551)	(23,551)
Distributions paid to Ontario Teachers' Pension Plan Board					(22,755)	(22,755)
Other distributions paid					(75)	(75)
Net income					42,315	42,315
Balance December 31, 2004	219,611	625	$2	$307,613	$3,905	$311,520

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

PACIFIC PREMIER RETAIL TRUST

(A Maryland Real Estate Investment Trust)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2004, 2003 and 2002

(Dollars in thousands)

	For the years ended December 31,		
	2004	2003	2002
Cash flows from operating activities:			
Net income	$42,315	$39,095	$39,270
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	26,009	24,610	23,784
Gain (loss) on sale of assets	11	(74)	(4,431)
Minority interest	127	104	95
Loss on early extinguishment of debt	1,036	—	—
Change in assets and liabilities:			
Tenant receivables, net	660	(2,357)	2,228
Deferred rent receivables	139	(587)	(1,359)
Other assets	432	65	(649)
Accounts payable	1,559	1,097	(1,261)
Accrued interest payable	(157)	1,023	(1,174)
Accrued real estate taxes	(395)	(1,702)	47
Tenant security deposits	118	174	10
Other accrued liabilities	2,297	(1,264)	1,423
Due to related parties	(1,376)	1,843	(404)
Total adjustments	30,460	22,932	18,309
Net cash flows provided by operating activities	72,775	62,027	57,579
Cash flows from investing activities:			
Acquisition of property and improvements	(18,613)	(10,295)	(8,195)
Deferred leasing costs	(2,733)	(3,380)	(2,613)
Proceeds from sale of assets	(2,456)	348	5,593
Restricted cash	662	(393)	(21)
Net cash flows used in investing activities	(23,140)	(13,720)	(5,236)
Cash flows from financing activities:			
Proceeds from notes payable	110,000	17,150	—
Payments on notes payable	(104,641)	(28,070)	(10,641)
Distributions	(46,007)	(29,905)	(46,517)
Preferred dividends paid	(375)	(375)	(375)
Deferred finance costs	76	(110)	(30)
Net cash flows used in financing activities	(40,947)	(41,310)	(57,563)
Net increase (decrease) in cash	8,688	6,997	(5,220)
Cash, beginning of year	6,138	(859)	4,361
Cash, end of year	$14,826	$6,138	$(859)
Supplemental cash flow information:			
Cash payments for interest, net of amounts capitalized	$46,369	$46,526	$49,504

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

PACIFIC PREMIER RETAIL TRUST

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Dollars in thousands, except per share amounts)

1. Organization and Basis of Presentation:

On February 18, 1999, Macerich PPR Corp. (the "Corp"), an indirect wholly-owned subsidiary of The Macerich Company (the "Company"), and Ontario Teachers' Pension Plan Board ("Ontario Teachers") acquired a portfolio of properties in the first of a two-phase acquisition and formed the Pacific Premier Retail Trust (the "Trust").

The first phase of the acquisition consisted of three regional malls, the retail component of a mixed-use development and five contiguous properties comprising approximately 3.4 million square feet for a total purchase price of approximately $415,000. The purchase price was funded with a $120,000 loan placed concurrently with the closing, $109,800 of debt from an affiliate of the seller and $39,400 of assumed debt. The balance of the purchase price was paid in cash.

The second phase consisted of the acquisition of the office component of the mixed-use development for a purchase price of approximately $111,000. The purchase price was funded with a $76,700 loan placed concurrently with the closing and the balance was paid in cash.

On October 26, 1999, 99% of the membership interests of Los Cerritos Center and Stonewood Mall and 100% of the membership interests of Lakewood Mall were contributed from the Company and Ontario Teachers to the Trust. The total value of the transaction was approximately $535,000. The properties were contributed to the Trust subject to existing debt of $322,000. The properties were recorded at approximately $453,100 to reflect the cost basis of the assets contributed to the Trust.

The Trust was organized to qualify as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. The Corp maintains a 51% ownership interest in the Trust, while Ontario Teachers' maintains a 49% ownership interest in the Trust.

The properties as of December 31, 2004 and their locations are as follows:

Cascade Mall	Burlington, Washington
Creekside Crossing Mall	Redmond, Washington
Cross Court Plaza	Burlington, Washington
Kitsap Mall	Silverdale, Washington
Kitsap Place Mall	Silverdale, Washington
Lakewood Mall	Lakewood, California
Los Cerritos Center	Cerritos, California
Northpoint Plaza	Silverdale, Washington
Redmond Towne Center	Redmond, Washington
Redmond Office	Redmond, Washington
Stonewood Mall	Downey, California
Washington Square Mall	Portland, Oregon
Washington Square Too	Portland, Oregon

2. Summary of Significant Accounting Policies:

Cash and Cash Equivalents:

The Trust considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents, for which cost approximates fair value.

Tenant Receivables:

Included in tenant receivables are accrued percentage rents of $2,247 and $2,139 and an allowance for doubtful accounts of $956 and $530 at December 31, 2004 and 2003, 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 (decreased) increased by ($138), $586 and $1,361 in 2004, 2003 and 2002, respectively, due to the straight-lining of rents. Percentage rents are recognized on an accrual basis and are accrued when tenants' specified sales targets have been met. Estimated recoveries from tenants for real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred.

Property:

Costs related to the redevelopment, construction and improvement of properties are capitalized. Interest incurred or imputed on redevelopment and construction projects is capitalized until construction is substantially complete.

Maintenance and repairs expenses are charged to operations as incurred. Costs for major replacements and betterments, which includes HVAC equipment, roofs, parking lots, etc. are capitalized and depreciated over their estimated useful lives. 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 lives of the assets as follows:

Building and improvements	5-39 years
Tenant improvements	initial term of related lease
Equipment and furnishings	5-7 years

The Trust 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 Trust may recognize an impairment loss if the cash flows are not sufficient to cover its investment. Such a loss would be determined as the difference between the carrying value and the fair value of a property. Management believes no such impairment has occurred in its net property carrying values at December 31, 2003 and 2002.

Deferred Charges:

Costs relating to obtaining tenant leases are deferred and amortized over the initial term of the agreement using the straight-line method. Costs relating to financing of properties are deferred and amortized over the life of the related loan using the straight-line method, which approximates the effective interest method. The range of the terms of the agreements are as follows:

Deferred lease costs	1-9 years
Deferred financing costs	1-12 years

Income taxes:

The Trust elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, commencing with its taxable year ended December 31, 1999. To qualify as a REIT, the Trust must meet a number of organizational and operational requirements, including a requirement that it distribute at least 90% of its taxable income to its stockholders. It is the Trust's current intention to adhere to these requirements and maintain the Trust's REIT status. As a REIT, the Trust generally will not be subject to corporate level federal income tax on net income it distributes currently to its stockholders. As such, no provision for federal income taxes has been included in the accompanying consolidated financial statements. If the Trust fails to qualify as a REIT in any taxable year, then it will be subject to federal income taxes at regular corporate rates (including any applicable alternative minimum tax) and may not be able to qualify as a REIT for four subsequent taxable years. Even if the Trust qualifies for taxation as a REIT, the Trust may be subject to certain state and local taxes on its income and property and to federal income and excise taxes on its undistributed taxable income, if any.

The following table reconciles net income to taxable income for the years ended December 31:

	2004	2003	2002
Net income	$42,315	$39,095	$39,270
Add: Book depreciation and amortization	26,009	24,610	23,784
Less: Tax depreciation and amortization	(25,982)	(25,335)	(25,360)
Other book/tax differences, net(1)	1,697	1,142	1,418
Taxable income	$44,039	$39,512	$39,112

(1) Primarily due to timing differences relating to straight-line rents and prepaid rents.

For income tax purposes, distributions consist of ordinary income, capital gains, return of capital or a combination thereof. The following table details the components of the distributions for the years ended December 31:

	2004		2003		2002	
Ordinary income	$209.50	100.0%	$326.31	99.8%	$163.61	77.2%
Capital gains	—	0.0%	0.66	0.2%	20.78	9.9%
Return of capital	—	0.0%	—	0.0%	27.42	12.9%
Dividends paid or payable	$209.50	100.0%	$326.97	100.0%	$211.81	100.0%

Fin 46—Consolidation of Variable Interest Entities

In January 2003, the FASB issued FIN 46, "Consolidation of Variable Interest Entities—an interpretation of ARB No. 51." FIN 46 addresses consolidation by business enterprises of variable interest entities, which have one or both of the following characteristics: 1) the equity investment at risk is not sufficient to permit the entity to finance its activities without additional subordinated financial support from other parties, which is provided through other interests that will absorb some or all of the expected losses of the entity and 2) the equity investors lack an essential characteristic of a controlling financial interest. The Trust has evaluated the effect of FIN 46 and it will not have an effect on its financial statements.

Recent Accounting Pronouncements

In December 2004, the FASB issued Statement 153 ("FAS 153"), "Exchanges of Nonmonetary Assets—an amendment of APB Opinion No. 29." The guidance in APB Opinion No. 29, *Accounting for Nonmonetary*

Transactions, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of the assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. FAS 153 amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. FAS 153 will be effective in the first reporting period ending after June 15, 2005. The adoption of this statement is not expected to have a material effect on the Trust's results of operations or financial condition.

On February 7, 2005, the SEC staff published certain views concerning the accounting by lessees for leasehold improvements, rent holidays, lessor funding of lessee expenditures and other tenant inducements. Although the application of these views to lessors was not specified by the SEC and a formal accounting standard modifying existing practice on these items has not been issued or proposed, the Trust has conducted a detailed evaluation of its accounting relative to such items. The Trust believes that our leases with our tenants that provide that leasehold improvements that the Trust funds represent fixed assets that the Trust owns and controls and that leases with such arrangements are properly accounted for as commencing at the completion of construction of such assets. On tenant leases that do not provide for landlord funding but rather provide for tenant funded construction and furnishing of the leased premises prior to the formal commencement of the lease the Trust has concluded that the cumulative incremental straight-line rental revenue that would have been recognized on such leases if it had commenced with the turn-over of such space rather than the lease-specified commencement date to be immaterial to current and previous periods. Beginning on January 1, 2005, the Trust will begin recognition of straight-line rental revenue on this accelerated basis for all new leases. This is not expected to have a material effect on future periods and will have no effect on periodic or cumulative cash flows to be received pursuant to a tenant lease.

Fair Value of Financial Instruments:

To meet the reporting requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments," the Trust calculates the fair value of financial instruments and includes this additional information in the notes to the 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 Trust 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 Trust 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.

Concentration of Risk:

The Trust 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 Trust had deposits in excess of the FDIC insurance limit.

One tenant represented 11.4%, 11.5% and 12.0% of total minimum rents in place as of December 31, 2004, 2003 and 2002, respectively. No other tenant represented more than 2.8%, 3.5% and 3.4% of total minimum rents as of December 31, 2004, 2003 and 2002, respectively.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles ("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.

3. Property:

Property is summarized as follows:

	December 31,	
	2004	2003
Land	$238,569	$237,647
Building improvements	826,280	812,817
Tenant improvements	12,839	9,235
Equipment & furnishings	4,725	4,067
Construction in progress	6,695	5,807
	1,089,108	1,069,573
Less accumulated depreciation	(120,384)	(96,557)
	$968,724	$973,016

Depreciation expense for the years ended December 31, 2004, 2003 and 2002 was $23,850, $22,863 and $22,278, respectively.

4. Mortgage Notes Payable:

Mortgage notes payable at December 31, 2004 and 2003 consist of the following:

	Carrying Amount of Notes						
	2004		2003				
Property Pledged as Collateral	Other	Related Party	Other	Related Party	Interest Rate	Payment Terms	Maturity Date
Cascade Mall(a)	—	—	$22,120	—	6.50%	$239(c)	2014
Kitsap Mall/Kitsap Place(b)	$59,360	—	59,951	—	8.06%	450(c)	2010
Lakewood Mall(d)	127,000	—	127,000	—	7.20%	interest only	2005
Lakewood Mall(e)	17,150	—	17,150	—	3.93%	interest only	2005
Los Cerritos Center	111,080	—	112,995	—	7.13%	826(c)	2006
North Point Plaza(a)	—	—	3,109	—	6.50%	31(c)	2015
Redmond Town Center—Retail(f)	75,000	—	59,240	—	4.81%	301(c)	2009
Redmond Town Center—Office	—	$77,538	—	$80,875	6.77%	726(c)	2009
Stonewood Mall	76,422	—	77,103	—	7.41%	539(c)	2010
Washington Square	106,970	—	109,610	—	6.70%	825(c)	2009
Washington Square	34,934	—	—	—	4.17%	188(c)	2009
Washington Square Too(f)	—	—	10,942	—	6.50%	104(c)	2016
Total	$607,916	$77,538	$599,220	$80,875			

(a) On October 7, 2004, the joint venture placed an additional loan for $35.0 million on Washington Square. The loan will mature February 1, 2009 and the interest rate floats at LIBOR plus 2.0%. The proceeds from this loan paid off existing loans at Cascade Mall and North Point resulting in a loss on early extinguishment of debt of $721.

(b) *Effective January 1, 2002, monthly principal and interest of $450 is payable through maturity. This debt is cross-collateralized by Kitsap Mall and Kitsap Place.*

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

(d) *In connection with the acquisition of this property, the Trust assumed $127,000 of collateralized fixed rate notes (the "Notes"). The Notes bear interest at an average fixed rate of 7.20% and mature in August 2005. The Notes require the Trust 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 restricted cash is $750 of cash deposited with the trustee at December 31, 2004 and 2003.*

(e) *On July 28, 2000, the Trust placed a $16,125 floating rate note on the property bearing interest at LIBOR plus 2.25% and maturing July 2003. On August 24, 2003, the Trust negotiated a two-year loan extension with the lender and the loan was increased to $17,150. At December 31, 2004 and 2003, the total interest rate was 3.93% and 2.93%, respectively.*

(f) *On July 19, 2004, the joint venture placed a new $75.0 million fixed rate loan on Redmond Town Center. The new fixed rate loan bears interest at 4.81%. The proceeds were used to pay off the old $58.4 million loan and a $10.6 million loan at Washington Square Too resulting in a loss on early extinguishment of debt of $319.*

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

Total interest costs capitalized for the years ended December 31, 2004, 2003 and 2002 were $332, $250 and $353, respectively.

The fair value of mortgage notes payable at December 31, 2004 and 2003 is estimated to be approximately $731,496 and $735,135, respectively, based on interest rates for comparable loans.

The above debt matures as follows:

Years Ending December 31,

2005	$155,190
2006	119,358
2007	11,023
2008	11,743
2009	260,558
2010 and beyond	127,582
	$685,454

5. Related Party Transactions:

The Trust engages the Macerich Management Company (the "Management Company"), a subsidiary of the Company, to manage the operations of the Trust. The Management Company provides property management, leasing, corporate, redevelopment and acquisitions services to the properties of the Trust. Under these arrangements, the Management Company is reimbursed for compensation paid to on-site employees, leasing agents and project managers at the properties, as well as insurance costs and other administrative expenses. In consideration of these services, the Management Company receives monthly management fees ranging from 1.0% to 4.0% of the gross monthly rental revenue of the properties managed. During the years ended 2004, 2003 and 2002, the Trust incurred management fees of $5,779, $5,519 and $5,196, respectively, to the Management Company.

A mortgage note collateralized by the office component of Redmond Town Center is held by one of the Company's joint venture partners. In connection with this note, interest expense was $5,361, $5,583 and $5,778 during the years ended December 31, 2004, 2003 and 2002, respectively. Additionally, no interest costs were capitalized during the years ended December 31, 2004, 2003 and 2002, respectively, in relation to this note.

6. Future Rental Revenues:

Under existing noncancellable operating lease agreements, tenants are committed to pay the following minimum rental payments to the Trust:

Year Ending December 31,	
2005	$106,818
2006	95,638
2007	86,392
2008	74,833
2009	65,957
Thereafter	210,936
	$640,574

7. Redeemable Preferred Stock:

On October 6, 1999, the Trust issued 125 shares of Redeemable Preferred Shares of Beneficial Interest ("Preferred Stock") for proceeds totaling $500 in a private placement. On October 26, 1999, the Trust issued 254 and 246 shares of Preferred Stock to the Corp and Ontario Teachers', respectively. The Preferred Stock can be redeemed by the Trust at any time with 15 days notice for $4,000 per share plus accumulated and unpaid dividends and the applicable redemption premium. The Preferred Stock will pay a semiannual dividend equal to $300 per share. The Preferred Stock has limited voting rights.

8. Commitments:

The Trust has certain properties subject to noncancellable operating ground leases. The leases expire at various times through 2069, subject in some cases to options to extend the terms of the lease. Ground rent expense, net of amounts capitalized, was $1,309, $1,218 and $1,114 for the years ended December 31, 2004, 2003 and 2002, respectively.

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

Years Ending December 31,	
2005	$1,331
2006	1,331
2007	1,331
2008	1,439
2009	1,439
Thereafter	74,673
	$81,544

Report of Registered Public Accounting Firm

The Partners
SDG Macerich Properties, L.P.:

We have audited the accompanying balance sheets of SDG Macerich Properties, L.P. as of December 31, 2004 and 2003, and the related statements of operations, cash flows, and partners' equity for each of the years in the three-year period ended December 31, 2004. In connection with our audits 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 financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for expressing an opinion on the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SDG Macerich Properties, L.P. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. 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
March 4, 2005

SDG MACERICH PROPERTIES, L.P.

BALANCE SHEETS

December 31, 2004 and 2003

(Dollars in thousands)

	2004	2003
Assets		
Properties:		
Land	$204,100	199,736
Buildings and improvements	872,540	858,147
Equipment and furnishings	3,359	2,718
	1,079,999	1,060,601
Less accumulated depreciation	165,538	138,194
	914,461	922,407
Cash and cash equivalents	12,913	15,133
Tenant receivables, including accrued revenue, less allowance for doubtful accounts of $1,731 and $1,292	22,520	22,050
Due from affiliates	—	163
Deferred financing costs, net of accumulated amortization of $3,258 and $2,095	1,506	2,669
Prepaid real estate taxes and other assets	1,705	1,847
	$953,105	964,269
Liabilities and Partners' Equity		
Mortgage notes payable	$629,665	632,799
Accounts payable	9,574	9,738
Due to affiliates	33	1,559
Accrued real estate taxes	15,839	15,509
Accrued interest expense	1,474	1,317
Accrued management fee	502	506
Other liabilities	203	202
Total liabilities	657,290	661,630
Partners' equity	295,815	302,639
	$953,105	964,269

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

STATEMENTS OF OPERATIONS

Years ended December 31, 2004, 2003 and 2002

(Dollars in thousands)

	2004	2003	2002
Revenues:			
Minimum rents	$94,243	95,628	94,956
Overage rents	5,377	5,126	5,156
Tenant recoveries	50,698	51,023	48,212
Other	2,223	1,484	2,756
	152,541	153,261	151,080
Expenses:			
Property operations	23,447	22,989	19,675
Depreciation of properties	27,410	26,675	25,152
Real estate taxes	19,770	19,265	19,242
Repairs and maintenance	6,658	7,189	8,486
Advertising and promotion	5,567	6,368	6,451
Management fees	4,040	4,068	4,052
Provision (recoveries) for credit losses, net	1,437	1,244	300
Interest on mortgage notes	29,923	29,096	30,517
Other	1,290	972	646
	119,542	117,866	114,521
Net income	$32,999	35,395	36,559

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

STATEMENTS OF CASH FLOWS

Years ended December 31, 2004, 2003 and 2002

(Dollars in thousands)

	2004	2003	2002
Cash flows from operating activities:			
Net income	$32,999	$35,395	$36,559
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation of properties	27,410	26,675	25,152
Amortization of debt premium	(3,134)	(2,945)	(2,768)
Amortization of financing costs	1,163	916	344
Change in tenant receivables	(470)	(2,111)	3,875
Other items	(988)	421	1,792
Net cash provided by operating activities	56,980	58,351	64,954
Cash flows from investing activities:			
Additions to properties	(19,832)	(7,924)	(7,289)
Proceeds from sale of land and building	422	—	998
Net cash used by investing activities	(19,410)	(7,924)	(6,291)
Cash flows from financing activities:			
Payments on mortgage note	—	(184,500)	—
Proceeds from mortgage notes payable	—	186,500	—
Deferred financing costs	—	(2,190)	—
Distributions to partners	(39,790)	(49,528)	(53,664)
Net cash provided by financing activities	(39,790)	(49,718)	(53,664)
Net change in cash and cash equivalents	(2,220)	709	4,999
Cash and cash equivalents at beginning of period	15,133	14,424	9,425
Cash and cash equivalents at end of year	$12,913	$15,133	$14,424
Supplemental cash flow information:			
Cash payments for interest	$31,737	$31,368	$33,089

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

STATEMENTS OF PARTNERS' EQUITY

Years ended December 31, 2004, 2003 and 2002

(Dollars in thousands)

Percentage ownership interest	Simon Property Group, Inc. affiliates 50%	The Macerich Company affiliates 50%	Accumulated Other comprehensive income (loss)	Total 100%
Balance at December 31, 2001	$166,930	166,930	174	334,034
Net income	18,280	18,279	—	36,559
Other comprehensive income:				
Derivative financial instruments	—	—	(83)	(83)
Total comprehensive income				36,476
Distributions	(26,832)	(26,832)		(53,664)
Balance at December 31, 2002	158,378	158,377	91	316,846
Net income	17,697	17,698	—	35,395
Other comprehensive income:				
Derivative financial instruments	—	—	(74)	(74)
Total comprehensive income				35,321
Distributions	(24,764)	(24,764)		(49,528)
Balance at December 31, 2003	151,311	151,311	17	302,639
Net income	16,500	16,499	—	32,999
Other comprehensive income:				
Derivative financial instruments	—	—	(33)	(33)
Total comprehensive income				32,966
Distributions	(19,895)	(19,895)		(39,790)
Balance at December 31, 2004	$147,916	147,915	(16)	295,815

See accompanying notes to financial statements.

SDG MACERICH PROPERTIES, L.P.

Notes to Financial Statements

December 31, 2004, 2003 and 2002

(Dollars in thousands)

(1) General

(a) Partnership Organization

On December 29, 1997, affiliates of Simon Property Group, Inc. (Simon) and The Macerich Company (Macerich) formed a limited partnership to acquire and operate a portfolio of 12 regional shopping centers. SDG Macerich Properties, L.P. (the Partnership) acquired the properties on February 27, 1998.

(b) Properties

Affiliates of Simon and Macerich each manage 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 and Convenience Center	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, 2004, fixed minimum rents to be received in each of the next five years and thereafter are summarized as follows:

2005	$64,779
2006	64,524
2007	55,458
2008	48,445
2009	39,425
Thereafter	108,751
	$381,382

(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 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 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 original maturities 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 repairs and maintenance items are expensed as incurred.

The Partnership assesses whether there has been an impairment in the value of a property 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 of a property 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 the net carrying values of its properties have occurred.

(d) Financing Costs

Financing costs related to the proceeds of mortgage notes issued are amortized to interest expense over the remaining life of the notes.

(e) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

(f) 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.

(g) Derivative Financial Instruments

The Partnership uses derivative financial instruments in the normal course of business to manage, or hedge, interest rate risk and records all derivatives on the balance sheet at fair value. The Partnership requires that hedging derivative instruments are effective in reducing the risk exposure that they are designated to hedge. For derivative instruments associated with the hedge of an anticipated transaction, hedge effectiveness criteria also require that it be probable that the underlying transaction occurs. Any instrument that meets these hedging criteria is formally designated as a hedge at the inception of the derivative contract. When the terms of an underlying transaction are modified resulting in some ineffectiveness, the portion of the change in the derivative fair value related to ineffectiveness from period to period will be included in net income. If any derivative instrument used for risk management does not meet the hedging criteria then it is marked-to-market each period, however, the Partnership intends for all derivative transactions to meet all the hedge criteria and qualify as hedges.

On an ongoing quarterly basis, the Partnership adjusts its balance sheet to reflect the current fair value of its derivatives. Changes in the fair value of derivatives are recorded each period in income or comprehensive income, depending on whether the derivative is designated and effective as part of a hedged transaction, and on the type of hedge transaction. To the extent that the change in value of a derivative does not perfectly offset the change in value of the instrument being hedged, the ineffective portion of the hedge is immediately recognized in income. Over time, the unrealized gains and losses held in accumulated other comprehensive income will be reclassified to income. This reclassification occurs when the hedged items are also recognized in income. The Partnership has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors.

To determine the fair value of derivative instruments, the Partnership uses standard market conventions and techniques such as discounted cash flow analysis, option pricing models, and termination cost at each balance sheet date. All methods of assessing fair value result in a general approximation of value, and such value may never actually be realized.

(3) Mortgage Notes Payable and Fair Value of Financial Instruments

In connection with the acquisition of the properties in 1998, the Partnership assumed $485,000 of mortgage notes secured by the properties. The notes consisted of $300,000 of debt that is due in May 2006 and requires monthly interest payments at a fixed weighted average rate of 7.41% and $185,000 of debt that was due and repaid in May 2003 and required monthly interest payments at a variable weighted average rate (based on LIBOR). The variable rate debt was covered by interest cap agreements that effectively prevented the variable rate from exceeding 11.53%.

On April 12, 2000, the Partnership obtained $138,500 of additional mortgage financing which is also secured by the properties. In connection with obtaining this debt, the Partnership repaid $500 of the original variable rate debt. The notes consist of $57,100 of debt that requires monthly interest payments at a fixed weighted average rate of 8.13% and $81,400 of debt that requires monthly interest payments at a variable weighted average rate (based on LIBOR) of 2.77% and 1.53% at December 31, 2004 and 2003, respectively. All of the notes mature on May 15, 2006. The variable rate debt is covered by an interest cap agreement that effectively prevents the variable rate from exceeding 11.83%.

In May 2003, $186,500 of proceeds from mortgage notes issued that were secured by the properties were used to repay the assumed debt that was due in May 2003. The notes are due in May 2006 and require monthly interest payments at a variable weighted average rate (based on LIBOR) of 2.81% and 1.57% at December 31, 2004 and 2003, respectively. This debt is covered by interest cap agreements that effectively prevent the variable rate from exceeding 10.63%.

The fair value assigned to the $300,000 fixed-rate debt assumed at the acquisition date based on an estimated market interest rate of 6.23% was $322,711, with the resulting debt premium being amortized to interest expense over the remaining term of the debt using a level yield method. At December 31, 2004 and 2003, the unamortized balance of the debt premium was $4,665 and $7,799, respectively.

The fair value of the fixed-rate debt of $357,100 at December 31, 2004 and 2003 based on an interest rate of 4.50% and 3.94%, respectively, is estimated to be $371,898 and $386,563, respectively. The carrying value of the variable-rate debt of $267,900 at December 31, 2004 and 2003, and the Partnership's other financial instruments are estimated to approximate their fair values.

As of December 31, 2004 and 2003, the Partnership has recorded its interest rate cap agreements as derivatives at their fair values of $0 and $46, respectively, included in other assets. These derivatives consist of interest rate cap agreements with a total notional amount of $267,900 at December 31, 2004 and 2003 and a maturity date of May 2006. The Partnership's exposure to market risk due to changes in interest rates relates to the Partnership's long-term debt obligations. Through its risk management strategy, the Partnership manages exposure to interest rate market risk by interest rate protection agreements to effectively cap a portion of variable rate debt. The Partnership's intent is to minimize its exposure to potential significant increases in interest rates. The Partnership does not enter into interest rate protection agreements for speculative purposes.

(4) Related Party Transactions

Management fees incurred in 2004, 2003, and 2002 totaled $2,034, $2,038, and $2,071, respectively, for the Simon-managed properties and $2,006, $2,030, and $1,981, respectively, for the Macerich-managed properties, both based on a fee of 4% of gross receipts, as defined. In addition to the management fees, Macerich charged the Partnership an additional $620 and $366 for shared services fees in 2004 and 2003, respectively.

Due from affiliates and due to affiliates on the accompanying balance sheets represent amounts due to or from the Partnership to Simon or Macerich or an affiliate of Simon or Macerich in the normal course of operations of the shopping center properties.

(5) Contingent Liability

The Partnership is not currently involved with any litigation other than routine 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 Partnership's financial statements taken as a whole.

THE MACERICH COMPANY
December 31, 2004
(Dollars in thousands)
Schedule III. Real Estate and Accumulated Depreciation

	Initial Cost to Company				Gross Amount at Which Carried at Close of Period						
	Land	Building and Improvements	Equipment and Furnishings	Cost Capitalized Subsequent to Acquisition	Land	Building and Improvements	Furniture, Fixtures and Equipment	Construction in Progress	Total	Accumulated Depreciation	Total Cost Net of Accumulated Depreciation
Shopping Centers/Entities:											
Arizona LifeStyle Galleries (50%)	1,700	1,694	0	436	1,700	2,130	0	0	3,830	1,096	2,734
Borgata	3,667	28,080	0	270	3,667	28,286	29	35	32,017	1,982	30,035
Capitola Mall	11,312	46,689	0	5,249	11,309	51,801	108	32	63,250	12,510	50,740
Carmel Plaza	9,080	36,354	0	2,943	9,080	38,999	47	251	48,377	6,695	41,682
Chandler Fashion Center	24,188	223,143	0	3,197	24,188	226,140	88	112	250,528	16,111	234,417
Chesterfield Towne Center	18,517	72,936	2	20,397	18,517	90,748	2,544	43	111,852	33,607	78,245
Citadel, The	21,600	86,711	0	7,100	21,600	92,440	811	560	115,411	18,760	96,651
Crossroads Mall—Boulder (29th Street)	50	37,793	64	73,423	21,616	40,326	199	49,189	111,330	27,690	83,640
Crossroads Mall—Oklahoma	10,279	43,486	291	21,934	14,367	61,148	409	66	75,990	19,335	56,655
Fiesta Mall	19,445	99,116	0	0	19,445	99,116	0	0	118,561	400	118,161
Flagstaff Mall	5,480	31,773	0	2,490	5,480	31,628	152	2,483	39,743	2,940	36,803
FlatIron Crossing	21,823	286,809	0	4,167	21,823	290,212	52	712	312,799	15,818	296,981
FlatIron Peripheral	6,205	0	0	(50)	6,155	0	0	0	6,155	0	6,155
Fresno Fashion Fair	17,966	72,194	0	14,336	17,966	84,989	1,228	313	104,496	16,234	88,262
Great Falls Marketplace	2,960	11,840	0	1,137	3,090	12,847	0	0	15,937	2,251	13,686
Greeley Mall	5,601	12,648	13	23,260	5,601	35,374	547	0	41,522	15,873	25,649
Green Tree Mall	4,947	14,925	332	26,422	4,947	40,937	597	145	46,626	30,324	16,302
Holiday Village Mall	3,491	18,229	138	20,454	5,268	35,953	295	796	42,312	26,727	15,585
La Cumbre Plaza	18,122	21,492	0	8	18,122	21,492	0	8	39,622	452	39,170
Macerich Cerritos Adjacent, LLC	0	6,448	0	(5,698)	0	750	0	0	750	77	673
Macerich Management Co.	0	2,237	26,562	11,970	0	2,695	37,223	851	40,769	11,765	29,004
Macerich Property Management Co., LLC	0	0	2,808	0	0	2,740	68	0	2,808	2,003	805
Midcor V (NVPC Peripheral)	1,703	0	0	(201)	1,432	0	0	70	1,502	0	1,502
Northgate Mall	8,400	34,865	841	27,323	13,414	56,244	1,004	767	71,429	30,314	41,115
Northridge Mall	20,100	101,170	0	2,053	20,100	102,823	256	144	123,323	3,998	119,325
Northwest Arkansas Mall	18,800	75,358	0	2,393	18,175	77,991	288	97	96,551	12,974	83,577
Oaks, The	32,300	117,156	0	5,130	32,300	119,019	289	2,978	154,586	8,205	146,381
Pacific View	8,697	8,696	0	106,235	7,854	114,951	818	5	123,628	15,199	108,429
Panorama Mall	4,373	17,491	0	384	4,373	17,735	100	40	22,248	979	21,269
Paradise Valley Mall	24,565	125,996	0	2,366	24,565	127,528	833	1	152,927	9,771	143,156
Paradise West Parcel 4	0	0	0	104	0	0	0	104	104	0	104
Parklane Mall	2,311	15,612	173	17,843	2,426	25,448	353	7,712	35,939	21,480	14,459
Prescott Gateway	5,733	49,778	0	3,590	5,733	53,057	57	254	59,101	4,777	54,324
PVIC Ground Leases	8,880	2,489	0	12,438	23,211	595	0	1	23,807	240	23,567
PVOP II	1,150	1,790	0	2,593	2,300	3,227	6	0	5,533	685	4,848
Queens Center	21,460	86,631	8	263,948	37,160	326,297	2,854	5,736	372,047	24,299	347,748
Rimrock Mall	8,737	35,652	0	7,948	8,737	43,182	418	0	52,337	9,934	42,403
Salisbury, The Centre at	15,290	63,474	31	3,753	15,284	66,126	834	304	82,548	17,355	65,193
Santa Monica Place	26,400	105,600	0	7,258	26,400	109,549	1,408	1,901	139,258	15,190	124,068
Scottsdale/101 Associates	0	4,701	0	52,337	0	57,014	10	14	57,038	3,276	53,762
Somersville Town Center	4,096	20,317	1,425	14,153	4,099	35,185	661	46	39,991	17,685	22,306
South Plains Mall	23,100	92,728	0	6,554	23,100	97,832	1,054	396	122,382	17,691	104,691
South Towne Center	19,600	78,954	0	10,753	19,454	89,211	588	54	109,307	19,561	89,746
Superstition Springs Peripheral	700	0	0	(700)	0	0	0	0	0	0	0
Superstition Springs Power Center	1,618	4,420	0	(1)	1,618	4,419	0	0	6,037	323	5,714
The Macerich Partnership, L.P.	0	2,534	0	712	211	820	2,215	0	3,246	413	2,833
Tucson La Encantada	12,800	19,699	0	47,231	12,800	66,251	208	471	79,730	3,128	76,602
Valley View Center	17,100	68,687	0	44,472	18,091	103,156	1,663	7,349	130,259	20,314	109,945
Victor Valley, Mall at	15,700	75,230	0	75	15,700	75,230	0	75	91,005	1,404	89,601
Village Center	2,250	4,459	0	9,464	4,500	11,672	1	0	16,173	1,937	14,236
Village Crossroads	3,100	4,493	0	8,479	6,200	9,872	0	0	16,072	660	15,412
Village Fair North	3,500	8,567	0	13,850	7,000	18,917	0	0	25,917	1,856	24,061
Village Plaza	3,423	8,688	0	834	3,423	9,517	5	0	12,945	1,382	11,563
Village Square I	0	2,844	0	4	0	2,844	4	0	2,848	222	2,626
Village Square II	0	8,492	0	65	0	8,554	3	0	8,557	795	7,762
Vintage Faire Mall	14,902	60,532	0	18,549	14,298	78,658	1,006	21	93,983	17,963	76,020
Westcor Partners	390	0	0	2,777	390	1,275	1,568	(66)	3,167	282	2,885
Westside Pavilion	34,100	136,819	0	18,647	34,103	149,298	2,006	4,159	189,566	28,281	161,285
Total	$571,711	$2,598,519	$32,688	$946,858	$642,392	$3,354,248	$64,907	$88,229	$4,149,776	$575,223	$3,574,553

(Dollars in thousands)

Schedule III. Real Estate and Accumulated Depreciation (Continued)

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

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

The changes in total real estate assets for the three years ended December 31, 2004 are as follows:

	2002	2003	2004
Balance, beginning of year	$ 2,227,833	$ 3,251,674	$ 3,662,359
Additions	1,037,757	644,236	524,877
Dispositions and retirements	(13,916)	(233,551)	(37,460)
Balance, end of year	$ 3,251,674	$ 3,662,359	$ 4,149,776

The changes in accumulated depreciation for the three years ended December 31, 2004 are as follows:

	2002	2003	2004
Balance, beginning of year	$ 340,504	$ 409,497	$ 475,634
Additions	78,957	94,966	104,431
Dispositions and retirements	(9,964)	(28,829)	(4,842)
Balance, end of year	$ 409,497	$ 475,634	$ 575,223

PACIFIC PREMIER RETAIL TRUST
December 31, 2004
(Dollars in thousands)

Schedule III. Real Estate and Accumulated Depreciation

	Initial Cost to Company			Gross Amount at Which Carried at Close of Period						
	Land	**Building and Improvements**	**Cost Capitalized Subsequent to Acquisition**	**Land**	**Building and Improvements**	**Furniture, Fixtures and Equipment**	**Construction in Progress**	**Total**	**Accumulated Depreciation**	**Total Cost Net of Accumulated Depreciation**
Shopping Center Entities:										
Cascade Mall	$8,200	$32,843	$2,796	$8,200	$35,501	$138	$0	$43,839	$5,543	$38,296
Creekside Crossing	620	2,495	136	620	2,608	0	23	3,251	392	2,859
Cross Court Plaza	1,400	5,629	306	1,400	5,935	0	0	7,335	888	6,447
Kitsap Mall	13,590	56,672	2,437	13,486	59,059	154	0	72,699	9,451	63,248
Kitsap Place Mall	1,400	5,627	2,576	1,400	8,203	0	0	9,603	992	8,611
Lakewood Mall	48,025	112,059	42,602	48,025	152,879	1,782	0	202,686	20,983	181,703
Los Cerritos Center	57,000	133,000	4,804	57,000	136,089	1,638	77	194,804	19,596	175,208
Northpoint Plaza	1,400	5,627	25	1,397	5,654	1	0	7,052	857	6,195
Redmond Towne Center	18,381	73,868	18,171	17,864	92,412	139	5	110,420	13,368	97,052
Redmond Office	20,676	90,929	15,235	20,676	106,164	0	0	126,840	14,372	112,468
Stonewood Mall	30,902	72,104	3,404	30,901	74,949	224	336	106,410	10,360	96,050
Washington Square Mall	33,600	135,084	15,337	33,600	143,518	649	6,254	184,021	21,153	162,868
Washington Square Too	4,000	16,087	61	4,000	16,148	0	0	20,148	2,429	17,719
Total	$239,194	$742,024	$107,890	$238,569	$839,119	$4,725	$6,695	$1,089,108	$120,384	$968,724

(Dollars in thousands)

Schedule III. Real Estate and Accumulated Depreciation (Continued)

Depreciation of the Trusts's investment in buildings and improvements reflected in the statement of income are calculated over the estimated useful lives of the asset as follows:

Buildings and improvements	5-39 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, 2004 are as follows:

	2002	2003	2004
Balance, beginning of year	$ 1,052,448	$ 1,059,385	$ 1,069,573
Additions	6,937	10,188	19,535
Dispositions and retirements	—	—	—
Balance, end of year	$ 1,059,385	$ 1,069,573	$ 1,089,108

The changes in accumulated depreciation and for the three years ended December 31, 2004 are as follows:

	2002	2003	2004
Balance, beginning of year	$ 51,416	$ 73,694	$ 96,557
Additions	22,278	22,863	23,850
Dispositions and retirements	—	—	(23)
Balance, end of year	$ 73,694	$ 96,557	$ 120,384

SDG MACERICH PROPERTIES, L.P.
December 31, 2004
(Dollars in thousands)

Schedule III. Real Estate and Accumulated Depreciation

		Initial Cost to Partnership				Gross Book Value at December 31, 2004				
Shopping Center(1)	**Location**	**Land**	**Building and Improvements**	**Equipment and Furnishings**	**Costs Capitalized Subsequent to Acquisition**	**Land**	**Building and Improvements**	**Equipment and Furnishings**	**Accumulated Depreciation**	**Total Cost Net of Accumulated Depreciation**
Mesa Mall	Grand Junction, Colorado	$11,155	44,635	—	4,967	11,155	49,487	115	9,812	50,945
Lake Square Mall	Leesburg, Florida	7,348	29,392	—	1,562	7,348	30,841	113	5,857	32,445
South Park Mall	Moline, Illinois	21,341	85,540	—	7,708	21,341	92,884	364	17,413	97,176
Eastland Mall	Evansville, Indiana	28,160	112,642	—	7,533	28,160	119,694	481	22,696	125,639
Lindale Mall	Cedar Rapids, Iowa	12,534	50,151	—	3,752	12,534	53,783	120	9,956	56,481
North Park Mall	Davenport, Iowa	17,210	69,042	—	11,383	17,210	79,778	647	14,715	82,920
South Ridge Mall	Des Moines, Iowa	11,524	46,097	—	7,139	12,502	52,090	168	10,407	54,353
Granite Run Mall	Media, Pennsylvania	26,147	104,671	—	3,653	26,147	107,801	523	19,890	114,581
Rushmore Mall	Rapid City, South Dakota	12,089	50,588	—	4,173	12,089	54,435	326	11,317	55,533
Empire Mall	Sioux Falls, South Dakota	23,706	94,860	—	12,866	23,470	107,740	222	21,155	110,277
Empire East	Sioux Falls, South Dakota	2,073	8,291	—	(571)	1,854	7,925	14	1,348	8,445
Southern Hills Mall	Sioux City, South Dakota	15,697	62,793	—	7,616	15,697	70,353	56	12,629	73,477
Valley Mall	Harrisonburg, Virginia	10,393	41,572	—	8,567	14,593	45,729	210	8,343	52,189
		$ 199,377	800,274	—	80,348	204,100	872,540	3,359	165,538	914,461

Depreciation 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:	
Building and building improvements	39 years
Tenant improvements	Shorter of lease term or useful life
Equipment and furnishings	5-7 years

(1) *All of the shopping centers were acquired in 1998 and are encumbered by mortgage notes payable with a carrying value of $629,665 and $632,799 at December 31, 2004 and 2003, respectively.*

(Dollars in thousands)

Schedule III. Real Estate and Accumulated Depreciation (Continued)

Depreciation 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:

Buildings and improvements	39 years
Tenant improvements	shorter of lease term or useful life
Equipment and furnishings	5-7 years

The changes in total shopping center properties for the three years ended December 31, 2004, 2003 and 2002 are as follows:

Balance at December 31, 2001		1,047,170
Acquisitions in 2002		—
Additions in 2002		7,289
Disposals and retirements in 2002		(1,075)
Balance at December 31, 2002	$	1,053,384
Acquisitions in 2003		—
Additions in 2003		7,924
Disposals and retirements in 2003		(707)
Balance at December 31, 2003	$	1,060,601
Acquisitions in 2004		—
Additions in 2004		19,832
Disposals and retirements in 2004		(434)
Balance at December 31, 2004	$	1,079,999

The changes in accumulated depreciation for the years ended December 31, 2004, 2003 and 2002 are as follows:

Balance at December 31, 2001		86,892
Additions in 2002		25,152
Disposals and retirements in 2002		(77)
Balance at December 31, 2002	$	111,967
Additions in 2003		26,675
Disposals and retirements in 2003		(448)
Balance at December 31, 2003	$	138,194
Additions in 2004		27,410
Disposals and retirements in 2004		(66)
Balance at December 31, 2004	$	165,538

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, on March 25, 2005.

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 25, 2005
/s/ MACE SIEGEL Mace Siegel	Chairman of the Board	March 25, 2005
/s/ DANA K. ANDERSON Dana K. Anderson	Vice Chairman of the Board	March 25, 2005
/s/ EDWARD C. COPPOLA Edward C. Coppola	Senior Executive Vice President and Chief Investment Officer	March 25, 2005
/s/ JAMES COWNIE James Cownie	Director	March 25, 2005
/s/ DIANA LAING Diana Laing	Director	March 25, 2005
/s/ FREDERICK HUBBELL Frederick Hubbell	Director	March 25, 2005

/s/ STANLEY MOORE Stanley Moore	Director	March 25, 2005
/s/ WILLIAM SEXTON William Sexton	Director	March 25, 2005
/s/ THOMAS E. O'HERN Thomas E. O'Hern	Executive Vice President, Treasurer and Chief Financial and Accounting Officer	March 25, 2005

EXHIBIT INDEX

Exhibit Number	Description	Sequentially Numbered Page
2.1	Agreement and Plan of Merger among the Company, the Operating Partnership, MACW, Inc., Wilmorite Properties, Inc. and Wilmorite Holdings, L.P. dated as of December 22, 2004 (The Company agrees to furnish supplementally a copy of any unfiled exhibits and schedules to this Agreement to the SEC upon request).	
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)	
3.1.5*******	Articles Supplementary of the Company (Series D Preferred Stock)	
3.1.6******#	Articles Supplementary of the Company (reclassification of shares)	
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)	
4.2.3********#	Form of Preferred Stock Certificate (Series D Preferred Stock)	
4.2.4*****	Form of Right Certificate	
4.3*****	Agreement dated as of November 10, 1998 between the Company and EquiServe Trust Company, N.A., as successor to First Chicago Trust Company of New York, as Rights Agent	
4.4*****#	Undertaking	
10.1********	Amended and Restated Limited Partnership Agreement for the Operating Partnership dated as of March 16, 1994	
10.1.1******	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated June 27, 1997	
10.1.2******	Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated November 16, 1997	

10.1.3******	Fourth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 25, 1998
10.1.4******	Fifth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated February 26, 1998
10.1.5###	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, 1999
10.1.7#######	Eighth Amendment to Amended and Restated Limited Partnership Agreement for the Operating Partnership dated November 9, 2000
10.1.8*******	Ninth Amendment to the Amended and Restated Limited Partnership Agreement for the Operating Partnership dated July 26, 2002
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******	Amended and Restated 1994 Incentive Plan
10.3.1########	Amendment to the Amended and Restated 1994 Incentive Plan dated as of March 31, 2001
10.3.2*******#	Amendment to Amended and Restated 1994 Incentive Plan (October 29, 2003)
10.3.3####	1999 Cash Bonus/Restricted Stock Program and Stock Unit Program under the Amended and Restated 1994 Incentive Plan (including the forms of the Award Agreements)
10.4#	1994 Eligible Directors' Stock Option Plan
10.4.1*******#	Amendment to 1994 Eligible Directors Stock Option Plan (October 29, 2003)
10.5*******#	Amended and Restated Deferred Compensation Plan for Executives (2003)
10.5.1	2005 Deferred Compensation Plan for Executives
10.6*******#	Amended and Restated Deferred Compensation Plan for Senior Executives (2003)

10.6.1	2005 Deferred Compensation Plan for Senior Executives
10.7	Eligible Directors' Deferred Compensation/Phantom Stock Plan (as amended and restated as of January 1, 2005)
10.8********	Executive Officer Salary Deferral Plan
10.8.1*******#	Amendment Nos. 1 and 2 to Executive Officer Salary Deferral Plan
10.8.2	Amendment No. 3 to Executive Officer Salary Deferral Plan
10.9********	Registration Rights Agreement, dated as of March 16, 1994, between the Company and The Northwestern Mutual Life Insurance Company
10.10********	Registration Rights Agreement, dated as of March 16, 1994, among the Company and Mace Siegel, Dana K. Anderson, Arthur M. Coppola and Edward C. Coppola
10.11*******	Registration Rights Agreement, dated as of March 16, 1994, among the Company, Richard M. Cohen and MRII Associates
10.12*******	Registration Rights Agreement dated as of June 27, 1997
10.13*******	Registration Rights Agreement dated as of February 25, 1998 between the Company and Security Capital Preferred Growth Incorporated
10.14********	Incidental Registration Rights Agreement dated March 16, 1994
10.15******	Incidental Registration Rights Agreement dated as of July 21, 1994
10.16******	Incidental Registration Rights Agreement dated as of August 15, 1995
10.17******	Incidental Registration Rights Agreement dated as of December 21, 1995
10.17.1******	List of Omitted Incidental/Demand Registration Rights Agreements
10.18###	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
10.19********	Indemnification Agreement, dated as of March 16, 1994, between the Company and Mace Siegel
10.19.1********	List of Omitted Indemnification Agreements
10.20*******	Form of Registration Rights Agreement with Series D Preferred Unit Holders
10.20.1*******	List of Omitted Registration Rights Agreements

10.21**##	$1,000,000,000 Amended and Restated Revolving Loan Facility Credit Agreement among the Operating Partnership, the Company and Deutsche Bank Trust Company Americas, JP Morgan Chase Bank and various lenders dated as of July 30, 2004
10.22**##	Amended and Restated $250,000,000 Term Loan Facility Credit Agreement by and among the Operating Partnership, the Company and Deutsche Bank Trust Company Americas, JP Morgan Chase Bank and various lenders dated as of July 30, 2004
10.23##	Form of Incidental Registration Rights Agreement between the Company and various investors dated as of July 26, 2002
10.23.1##	List of Omitted Incidental Registration Rights Agreements
10.24*#	Tax Matters Agreement dated as of July 26, 2002 between The Macerich Partnership L.P. and the Protected Partners
10.25#######	2000 Incentive Plan effective as of November 9, 2000 (including 2000 Cash Bonus/Restricted Stock Program and Stock Unit Program and Award Agreements)
10.25.1########	Amendment to the 2000 Incentive Plan dated March 31, 2001
10.25.2*******#	Amendment to 2000 Incentive Plan (October 29, 2003)
10.26#######	Form of Stock Option Agreements under the 2000 Incentive Plan
10.27****#	2003 Equity Incentive Plan
10.27.1*******#	Amendment to 2003 Equity Incentive Plan (October 29, 2003)
10.27.2****#	2003 Cash Bonus/Restricted Stock and Stock Unit Award Program under the 2003 Equity Incentive Plan
10.28*****#	Form of Restricted Stock Award Agreement under 2003 Equity Incentive Plan
10.29*****#	Form of Stock Unit Award Agreement under 2003 Equity Incentive Plan
10.30*****#	Form of Employee Stock Option Agreement under 2003 Equity Incentive Plan
10.31*****#	Form of Non-Qualified Stock Option Grant under 2003 Equity Incentive Plan
10.32***#	Form of Restricted Stock Award Agreement for Non-Management Directors
10.33****#	Employee Stock Purchase Plan

10.33.1*****#	Amendment 2003-1 to Employee Stock Purchase Plan (October 29, 2003)
10.34**#	Management Continuity Agreement dated March 15, 2002 between David Contis and the Company
10.34.1**#	List of Omitted Management Continuity Agreements
10.35*******#	Indemnification Agreement between the Company and Mace Siegel dated October 29, 2003
10.35.1*******#	List of Omitted Indemnification Agreements
10.36*******#	Registration Rights Agreement dated as of December 18, 2003 by the Operating Partnership, the Company and Taubman Realty Group Limited Partnership (Registration rights assigned by Taubman to three assignees).
10.37******	Partnership Agreement of S.M. Portfolio Ltd. Partnership
21.1	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm (Deloitte and Touche, LLC)
23.2	Consent of Independent Registered Public Accounting Firm (PricewaterhouseCoopers LLP)
23.3	Consent of Independent Registered Public Accounting Firm (KPMG LLP)
31.1	Section 302 Certification of Arthur Coppola, Chief Executive Officer
31.2	Section 302 Certification of Thomas O'Hern, Chief Financial Officer
32.1	Section 906 Certifications of Arthur Coppola and Thomas O'Hern

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

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

*** *Previously filed as an exhibit to the Company's 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 July 26, 2002 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 Report 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 Quarterly Report on Form 10-Q, for the quarter ended June 30, 2002, 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, 1998, and incorporated herein by reference.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999, and incorporated herein by reference.

Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000, 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, 1999, 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, 2000, and incorporated herein by reference.*

######## *Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001, and incorporated herein by reference.*

*# *Previously filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, 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, 2001, and incorporated herein by reference.*

***# *Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, and incorporated herein by reference.*

****# *Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2003, and incorporated herein by reference.*

*****# *Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, and incorporated herein by reference.*

******# *Previously filed as an Exhibit to the Company's Registration Statement on Form S-3, as amended (No. 333-88718), 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, 2004, and incorporated herein by reference.*

********# *Previously filed as an Exhibit to the Company's Registration Statement on Form S-3 (No. 333-107063), and incorporated herein by reference.*

**## *Previously filed as an Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004, and incorporated herein by reference.*

QuickLinks

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER

AMONG

THE MACERICH COMPANY,

THE MACERICH PARTNERSHIP, L.P.,

MACW, INC.,

WILMORITE PROPERTIES, INC.

AND

WILMORITE HOLDINGS, L.P.

Dated as of December 22, 2004

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SCHEDULES

Company Disclosure Schedule

Parent Disclosure Schedule

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "*Agreement*"), dated as of December 22, 2004, is made by and among The Macerich Company, a Maryland corporation ("*Parent*"), The Macerich Partnership, L.P., a Delaware limited partnership ("*Parent LP*"), MACW, Inc., a Delaware corporation and a wholly owned subsidiary of Parent LP ("*Merger Sub*"), Wilmorite Properties, Inc., a Delaware corporation (the "*Company*"), and Wilmorite Holdings, L.P., a Delaware limited partnership ("*Company LP*").

RECITALS

WHEREAS, the parties wish to effect a business combination through a merger of Merger Sub with and into the Company (the "*Merger*"), with the Company as the surviving entity, on the terms and conditions set forth in this Agreement and in accordance with the Delaware General Corporation Law (the "*DGCL*");

WHEREAS, the Board of Directors of the Company (the "*Company Board*") has approved this Agreement, the Merger and the other transactions contemplated by this Agreement and determined that this Agreement, the Merger and the other transactions contemplated by this Agreement are advisable;

WHEREAS, the Board of Directors of Merger Sub has approved this Agreement, the Merger and the other transactions contemplated by this Agreement and determined that this Agreement, the Merger and the other transactions contemplated by this Agreement are advisable, and Parent, in its capacity as general partner of Parent LP, has approved this Agreement, the Merger and the other transactions contemplated by this Agreement and determined that this Agreement, the Merger and the other transactions contemplated by this Agreement are advisable;

WHEREAS, as a condition to the willingness of Company and Company LP to enter into this Agreement, the parties have agreed, and provided herein, that Company LP shall merge with a Delaware limited partnership that is a Subsidiary of Parent LP, with the Company LP as the surviving entity (the "*Partnership Merger*") and, as consideration in such merger, each Company LP Unit held by a Company Limited Partner (other than the Company or any of its Subsidiaries or Affiliates), subject to the terms and conditions set forth herein, shall be cancelled and in consideration therefor, each Company Limited Partner will receive cash in an amount equal to the Merger Consideration (the "*Partnership Cash Consideration*"), provided that, upon the receipt of such Company Limited Partner's consent and approval of the Amended and Restated Company Partnership Agreement, each such Company Limited Partner may elect to receive, in lieu of cash, (i) Class A Convertible Preferred Units in Company LP or (ii) Common Units in Company LP, each subject to the terms of the Amended and Restated Company Partnership Agreement;

WHEREAS, simultaneously with the Partnership Merger, Company LP will effectuate an amendment and restatement of that certain 2002 Amended and Restated Agreement of Limited Partnership of Company LP (the "*Company Partnership Agreement*"), which such amendment and restatement shall be in the form attached hereto as *Exhibit A* (the "*Amended and Restated Company Partnership Agreement*");

WHEREAS, as a condition to the willingness of Parent and Parent LP to enter into this Agreement, simultaneously herewith, the Company and Company LP shall deliver or cause to be delivered to Parent executed consent and voting agreements in the form attached hereto as *Exhibit B* (the "*Consent and Voting Agreements*") from (i) holders of that number of shares of the common stock and preferred stock of the Company sufficient to approve and adopt this Agreement, the Merger and the other transactions documents, and (ii) the limited partners holding that number of units of Company LP sufficient to approve the Merger, the Partnership Merger, the Amended and Restated Company Partnership Agreement, and the other transactions contemplated hereby;

WHEREAS, as a condition to the willingness of the Company and Company LP to enter into this Agreement, the Company and Company LP will amend their Certificate of Incorporation and

Certificate of Limited Partnership, as applicable, to effect a change of their respective names so that the word "Wilmorite" is no longer utilized;

WHEREAS, as a condition to the willingness of the Company and Company LP to enter into this Agreement, simultaneously herewith, Parent LP and Company LP shall have entered into that certain Contribution Agreement in the form attached hereto as *Exhibit C* (the "*Contribution Agreement*"), pursuant to which Company LP shall, on the Closing Date, contribute certain assets to Parent LP in exchange for common units of partnership interest of Parent LP on the terms and conditions set forth therein;

WHEREAS, as a condition to the willingness of the Company and Company LP to enter into this Agreement, simultaneously herewith, Parent and ACI Danbury, Inc., a Delaware corporation ("*ACI Danbury*") shall have entered into that certain Agreement and Plan of Merger in the form attached hereto as *Exhibit D* (the "*Danbury Merger Agreement*"), pursuant to which the parties thereto may effect a business combination through a merger of a subsidiary of Parent with and into ACI Danbury, with ACI Danbury as the surviving entity, on the terms and conditions set forth in the Danbury Merger Agreement, which will close immediately following the Merger;

WHEREAS, as a condition to the willingness of the Company and Company LP to enter into this Agreement, Parent has agreed to guarantee each of the obligations and undertakings of Parent LP, Merger Sub and, after the Effective Time, the obligations of the Surviving Corporation, under this Agreement; and

WHEREAS, Parent, Parent LP, Merger Sub, the Company and Company LP desire to make certain representations, warranties, covenants and agreements in connection with the Merger, and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants and agreements set forth herein, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I
THE MERGER

1.1 *Aggregate Consideration to be Paid in Merger and Partnership Merger; Other Amounts to be Paid at Closing*.

(a) On the Closing Date, the Merger and the Partnership Merger (described in Section 6.9 hereof) shall be consummated for aggregate consideration (including payments in respect of outstanding SARs) payable by Parent LP equal to $1,293,399,136 (the "*Initial Offer Consideration*"), as adjusted in the manner set forth on the Final Closing Worksheet in the form of Section 1.1(a) of the Company Disclosure Schedule and delivered pursuant to Section 1.8(d) (as so adjusted, the "*Final Offer Consideration*").

(b) Parent and Parent LP acknowledge and agree that, at Closing, in addition to the Final Offer Consideration, they will need to have immediately available funds in an amount equal to the line entitled "Subtotal: Cash Needed at Closing" on Section 1.1(b) of the Company Disclosure Schedule and that Parent and Parent LP will pay on the Closing Date each of the items listed under "Other Liabilities to be Paid Off at Closing" on Section 1.1(b) of the Company Disclosure Schedule. Parent and Parent LP further acknowledge and agree that as of the Closing Date, they will replace the letters of credit listed under the heading "Letters of Credit to be Replaced at Closing" on Section 1.1(b) of the Company Disclosure Schedule.

1.2 *The Merger*. Upon the terms and subject to the conditions of this Agreement and in accordance with the DGCL, at the Effective Time (as defined below), Merger Sub shall merge with and into the Company, and the separate corporate existence of Merger Sub shall thereupon cease and the Company shall be the surviving corporation in the Merger as a wholly owned subsidiary of Parent LP (the "*Surviving Corporation*"). The Merger shall have the effects specified in the applicable provisions of the DGCL. The parties hereto intend the Merger to be a taxable purchase of the Company Common Stock and Series A Preferred Stock.

1.3 *Closing*. The closing of the Merger (the "*Closing*") shall occur no later than the second (2nd) Business Day after all of the conditions set forth in Article VII (other than conditions which by their terms are required to be satisfied or waived at the Closing) shall have been satisfied or, if permissible, waived by the party entitled to benefit of the same; *provided*, *however*, that the Closing shall not take place earlier than March 2, 2005. The Closing shall take place at 10:00 a.m., local time, at the offices of Goodwin Procter LLP, 599 Lexington Avenue, New York, New York 10022, or at such other time and place as agreed to by the parties hereto. The date on which the Closing occurs is referred to in this Agreement as the "*Closing Date*."

1.4 *Effective Time*. On the Closing Date, the Company shall duly execute and file a certificate of merger (the "*Certificate of Merger*"), in the form attached hereto as *Exhibit E*, with the Secretary of State of the State of Delaware (the "*DSOS*") in accordance with the DGCL and shall make all other filings or recordings required under the DGCL to effect the Merger. The Merger shall become effective upon the later of such time as the Certificate of Merger has been accepted by the DSOS, or such later time which the parties hereto shall have agreed upon and designated in such filing in accordance with the DGCL as the effective time of the Merger (the "*Effective Time*").

1.5 *Effect of the Merger on the Organizational Documents and Management of the Company*.

(a) *Organizational Documents*. The certificate of incorporation of the Company, as in existence immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Corporation from and after the Effective Time unless and until amended in accordance with its terms and as provided by law. The bylaws of the Company, as in effect immediately prior to the Effective Time, shall be the bylaws of the Surviving Corporation until thereafter amended as provided by law, by such amended certificate of incorporation or by such bylaws, except for any changes necessary or appropriate to reflect the change in the name of the Surviving Corporation.

(b) *Directors and Officers of the Surviving Corporation*. From and after the Effective Time, the directors of Merger Sub immediately prior to the Effective Time shall be the initial directors of the Surviving Corporation, each to hold office in accordance with the certificate of incorporation and bylaws of the Surviving Corporation and until their respective successors are duly elected and qualified, and the officers of Merger Sub immediately prior to the Effective Time shall be the initial officers of the Surviving Corporation, in each case until the earlier of their resignation or removal or the date their respective successors are duly elected or appointed, as the case may be, and qualified.

1.6 *Effect of the Merger on Capital Stock*. As of the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent LP, Merger Sub or the holder of any shares of capital stock of the Company:

(a) Each share of common stock, par value $0.01 per share, of the Company ("*Company Common Stock*") issued and outstanding immediately prior to the Effective Time shall (other than Dissenting Shares and shares of Company Common Stock owned by Parent, Parent LP, Merger Sub or the Company or any of their respective direct or indirect wholly owned Subsidiaries) automatically be converted into, and shall be canceled in exchange for, the right to receive (i) from Parent LP, an amount in cash equal to the Merger Consideration, and (ii) from the Company, an amount in cash equal to the Additional Consideration.

(b) Each share of Series A Preferred Stock, par value $0.01 per share, of the Company ("*Series A Preferred Stock*") issued and outstanding immediately prior to the Effective Time shall (other than Dissenting Shares and shares of Series A Preferred Stock owned by Parent, Parent LP, Merger Sub or the Company or any of their respective direct or indirect wholly owned Subsidiaries) automatically be converted into, and shall be canceled in exchange for, the right to receive an amount in cash equal to the Merger Consideration and the Additional Consideration.

(c) At the Effective Time, all shares of Company Common Stock and Series A Preferred Stock converted into the right to receive the Merger Consideration pursuant to Sections 1.6(a) and 1.6(b), respectively, shall cease to be outstanding and shall be canceled and retired and shall cease to exist, and each holder of a certificate that immediately prior to the Effective Time represented such shares of Company Common Stock and/or Series A Preferred Stock (each, a "*Certificate*," and collectively, the "*Certificates*") shall thereafter cease to have any rights with respect to such shares of Company Common Stock and/or Series A Preferred Stock, except the right to receive the Merger Consideration and the Additional Consideration to be issued in consideration therefor and any dividends or other distributions to which holders of shares of Company Common Stock and/or Series A Preferred Stock, as applicable, become entitled in accordance with Article II upon the surrender of such Certificate.

(d) Each share of Company Common Stock and Series A Preferred Stock issued and owned or held by Parent, Parent LP, Merger Sub, the Company or any of their respective direct or indirect wholly owned Subsidiaries at the Effective Time shall, by virtue of the Merger, cease to be outstanding and shall be canceled and retired and shall cease to exist and no Merger Consideration, Additional Consideration or other consideration shall be delivered in exchange therefor.

1.7 *Change of Control Payments*.

(a) *Severance Payments*. On the Closing Date, Parent LP will deliver to a trustee designated by the Company (the "*Trustee*") cash in the amount equal to $13,000,000 subject to adjustment as set forth in Section 1.1(b) of the Company Disclosure Schedule (the "*Severance Amount*"). The Severance Amount consists of the aggregate amount of severance payable pursuant to all severance obligations of the Company (the "*Severance Agreements*"). The Severance Amount shall either be distributed pursuant to the terms of this Agreement or held in, if not payable at Closing under the terms of such severance obligation, a Rabbi Trust Agreement entered into between the Company and the Trustee in form and substance reasonably satisfactory to Parent LP (the "*Trust Agreement*"), which Trustee Agreement shall be executed and delivered by the parties thereto prior to Closing.

(b) *Company Stock Appreciation Rights*. Each outstanding stock appreciation right ("*SAR*") of the Company granted under that certain Long Term Incentive Plan (the "*Company Incentive Plan*") as of immediately prior to the Effective Time, shall become fully vested and shall be deemed exercised as of the Effective Time in accordance with the individual award agreements evidencing each such SAR (collectively, the "*SARs Agreements*"). At the Effective Time, each SAR regardless of the grant price thereof will be canceled, and Company LP will either, depending on the terms of the respective SAR Agreement, (i) pay to the holder of a SAR a single lump sum cash payment on the Closing Date equal to the Per SARs Value attributable to such SARs (the "*SAR Payment*") or (ii) deliver the SAR Payment to the Trustee; *provided* that if the Per SARs Value of any such SAR is equal to zero, such SAR shall be canceled without any payment being made in respect thereof; and *provided further* that if the applicable SAR Agreement sets forth a specified timing and procedure for such SAR Payment, including without limitation, conditions to such SAR Payment, then the parties hereto shall cooperate in implementing such procedures and honor the terms of such SAR Agreement. The aggregate amount of SAR Payments delivered to the Trustee together with the Severance Amount shall be referred to as the "*Trust Amount*." The Trust Amount shall be held and distributed pursuant to the terms of the Trust Agreement.

(c) *Partnership Bonuses*. Each outstanding partnership bonus agreement of Company LP (collectively, the "Partnership Bonus Agreements") as of immediately prior to the Effective Time, shall become payable as of the Effective Time in accordance with the individual Partnership Bonus Agreements. At the Effective Time, each Partnership Bonus Agreement will be cancelled and Company LP will pay to the holder thereof a single lump sum cash payment on the Closing Date equal to the Bonus Amount as set forth in the Partnership Bonus Agreement.

(d) The Company, Company LP, Parent, Parent LP and the Surviving Corporation shall take all steps necessary to give effect to this Section 1.7. Not later than ten (10) Business Days prior to the Closing Date, the Company and Company LP shall deliver to Parent worksheets and other data that delineate in reasonable detail the calculation of these amounts. Any payments required to be made pursuant to this Section 1.7 shall be subject to any applicable withholding tax.

1.8 *Pre-Closing Distribution; Worksheets for Calculating Final Offer Consideration*.

(a) The parties hereto acknowledge and agree that, on the Closing Date prior to the Effective Time, Company LP shall distribute to its partners (including, without limitation, the Company in its capacity as a partner), in accordance with the terms of the Company Partnership Agreement, cash in an aggregate amount equal to the lesser of (i) Excess Net Working Capital, and (ii) the total amount of the cash held by Company LP not subject to contractual restrictions at the time of such distribution (such distribution, the "*Pre-Closing Distribution*"). It is further acknowledged and agreed that, notwithstanding anything in this Agreement to the contrary and to the extent necessary, the Company may cause each Company Subsidiary to distribute to such entities' partners, stockholders or members, as applicable, cash as necessary so that Company LP shall have the maximum amount of unrestricted cash available to make the Pre-Closing Distribution.

(b) The Company and Company LP have in good faith prepared and delivered to Parent worksheets in the forms attached hereto as Section 1.1(a) and 1.1(b) of the Company Disclosure Schedule (the "*Signing Worksheets*"), which show the hypothetical calculation of the Final Offer Consideration as of the date hereof. Parent acknowledges that the Company and Company LP have provided such worksheets and data supporting the Signing Worksheets as Parent has reasonably requested to understand the preparation of such Signing Worksheets, and Parent has agreed to such methodology (including, without limitation, any non-GAAP adjustments reflected on the Signing Worksheets).

(c) Not later than ten (10) Business Days prior to the Closing Date, the Company and Company LP shall deliver to Parent estimated worksheets (the "*Estimated Closing Worksheets*") in the same form as the Signing Worksheets and prepared in a manner consistent with the methodology reflected on the Signing Worksheets, but updated to reflect estimates of the required items as of the Closing Date. The Company and Company LP shall also deliver to Parent in connection with the Estimated Closing Worksheets such other worksheets and data that support the Estimated Closing Worksheets and delineate in reasonable detail the calculation of the Final Offer Consideration, and any other information that Parent may reasonably request in order to verify the amounts reflected on the Estimated Closing Worksheets. Parent shall have the opportunity to review such Estimated Closing Worksheets and any supporting materials provided to Parent. Parent and the Company will cooperate in good faith to resolve any disagreements over such Estimated Closing Worksheets. If Parent has not provided written notice to the Company of any bona fide disagreement with respect to the Estimated Closing Worksheets or the calculation of the Final Offer Consideration, which has not otherwise been resolved, by the third (3^{rd}) Business Day prior to the anticipated Closing Date, then Parent shall be deemed to have accepted and approved such Estimated Closing Worksheets and the calculation of the Final Offer Consideration derived therefrom, subject only to changes pursuant to Section 1.8(d) below.

(d) On the Closing Date, the Company and Company LP shall deliver to Parent final estimated worksheets for Company LP in the same form as the Estimated Closing Worksheets and prepared in a manner consistent with the methodology reflected on the Estimated Closing Worksheets (the "*Final Closing Worksheets*"). The Final Closing Worksheets shall reflect as of the Closing Date any changes from the estimates made on the Estimated Closing Worksheets. The Company and Company LP shall also deliver to Parent in connection with the Final Closing Worksheets such other worksheets and data that support the Final Closing Worksheets and delineate in reasonable detail the calculation of the Final Offer Consideration, and any other information that Parent may reasonably request in order to verify the amounts reflected on the Final Closing Worksheets.

1.9 *Dissenting Shares*.

(a) For purposes of this Agreement, "*Dissenting Shares*" means shares of Company Common Stock and/or Series A Preferred Stock held as of the Effective Time by a stockholder of the Company who has not voted such shares of Company Common Stock and/or Series A Preferred Stock in favor of the approval and adoption of this Agreement, and with respect to which appraisal shall have been duly demanded and perfected in accordance with applicable law and not effectively withdrawn or forfeited prior to the Effective Time. Dissenting Shares shall not be converted into or represent the right to receive the Merger Consideration, unless such stockholder of the Company shall have forfeited his, her or its right to appraisal under applicable law or properly withdrawn, his, her or its demand for appraisal. If such dissenting stockholder has so forfeited or withdrawn his, her or its right to appraisal of Dissenting Shares, then (i) as of the occurrence of such event, such holder's Dissenting Shares shall cease to be Dissenting Shares and shall be converted into and represent the right to receive the Merger Consideration and the Additional Consideration, without any interest thereon, in respect of such shares of Company Common Stock and/or Series A Preferred Stock pursuant to Section 1.6.

(b) The Company shall give Parent LP (i) prompt notice of any written demands for appraisal of any holder of shares of Company Common Stock and/or Series A Preferred Stock, withdrawals of such demands, and any other instruments that relate to such demands received by the Company and (ii) the opportunity, prior to the Effective Time, to participate at its own expense, and after the Effective Time, to direct all negotiations and proceedings with respect to demands for appraisal under applicable law. The Company shall not, except with the prior written consent of Parent LP make any payment with respect to any demands for appraisal of the shares of Company Common Stock and/or Series A Preferred Stock or offer to settle or settle any such demands.

1.10 *Certain Intellectual Property Rights of the Company*.

(a) Parent, Parent LP and Merger Sub hereby expressly acknowledge that (i) the Trademark Assignment between the Company and Wilmorite, Inc. transfers to Wilmorite, Inc. all rights, title and interests in and to that certain logo of the Company set forth in Section 1.10(a) of the Company Disclosure Schedule and all derivatives thereof (the "*W Logo*") and that Parent, Parent LP, Merger Sub, and after the Effective Time, the Surviving Corporation will have no rights to use the W Logo and (ii) that the "Wilmorite" trademark is the sole property of Wilmorite, Inc. and that Parent, Parent LP, Merger Sub, and after the Effective Time, the Surviving Corporation will have no rights to use the "Wilmorite" trademark or any derivative thereof or confusingly similar mark or trade name in its name or otherwise. Except as set forth in the next sentence of this Section 1.10, nothing in this Agreement or any ancillary agreement contemplated hereby is intended to nor shall anything in this Agreement or any such ancillary agreement be construed to grant or to convey any rights, title, interest or license in or to the W Logo or the "Wilmorite" trademark including, but not limited to, any trademarks or service marks, all such rights, title and interests thereto are and shall remain the sole property of Wilmorite, Inc. Notwithstanding the foregoing, Wilmorite, Inc. agrees that the Surviving Corporation, Company LP and the Company Subsidiaries shall be entitled to use the W Logo and the "Wilmorite" trademark for ninety (90) days after the Closing in connection with the transitioning of the business. Prior to the Closing, the Company will obtain and deliver to Parent a license with respect to the W Logo and the "Wilmorite" trademark for use in connection with the Rochester Portfolio.

(b) Prior to Closing, Company and Company LP will cause Wilmorite, Inc. to transfer all rights, title and interests in and to those service marks related to Eastview Mall and Eastview Commons set forth in Section 1.10(b) of the Company Disclosure Schedule and all derivatives thereof to the Eastview Mall, LLC and Eastview Commons, LLC, respectively.

1.11 *Limited Partner Matters and Company Information Statement*.

(a) Immediately following the consummation of the Merger, the Partnership Merger shall occur, pursuant to an agreement and plan of merger in form and substance reasonably satisfactory to Parent and the Company and, as consideration in such merger, the Company Limited Partners shall receive the Merger Consideration described in Section 6.9 hereof in exchange for their interests in Company LP.

(b) As promptly as reasonably practicable after the date of this Agreement, Company LP shall prepare an information statement (the "*Company LP Disclosure Document*") to be disseminated to the Company Limited Partners for purposes of informing them of the Merger, the Partnership Merger and the terms of the Amended and Restated Company Partnership Agreement, which will be in effect simultaneously with the Partnership Merger. Parent and Parent LP will cooperate with Company LP, and will furnish to Company LP any information reasonably requested in connection with the preparation of the Company LP Disclosure Document, and Company LP will give Parent LP and its counsel the opportunity to review all drafts thereof, and will accept all reasonable comments of Parent LP thereon. Each of Parent, Parent LP and Company LP agrees to correct promptly any information provided by it for use in the Company LP Disclosure Document that shall have become false or misleading in any material respect, and the Company and Company LP further agree to take all reasonable steps to cause the Company LP Disclosure Document, as so corrected, to be disseminated to the Company Limited Partners.

(c) As promptly as reasonably practicable after the date of this Agreement, the Company may prepare an information statement (the "*Company Information Statement*") to be disseminated to the holders of Company Common Stock and Series A Preferred Stock for purposes of informing them of the Merger and their statutory appraisal rights. Parent and Parent LP will cooperate with the Company, and will furnish to Company LP any information reasonably requested in connection with the preparation of the Company Information Statement, and the Company will give Parent LP and its counsel the opportunity to review all drafts thereof, and will accept all reasonable comments of Parent LP thereon. Each of Parent, Parent LP and the Company agrees to correct promptly any information provided by it for use in the Company Information Statement that shall have become false or misleading in any material respect, and the Company further agrees to take all reasonable steps to cause the Company Information Statement, as so corrected, to be disseminated to the holders of Company Common Stock and Series A Preferred Stock along with the transmittal materials to be delivered in accordance with Section 2.2(b).

1.12 *Liquidation of Company*. Nothing in this Agreement shall prevent Parent from causing the Company to be liquidated for tax or any other purposes immediately following the Merger; *provided* that Parent complies with Section 6.13 hereof.

ARTICLE II
EXCHANGE OF SECURITIES

2.1 *Exchange Agent*.

(a) Within ten (10) days of the date hereof, Parent LP and the Company shall designate a bank or trust company to act as agent (the "*Paying Agent*") for the payment of (i) the Merger Consideration and the Additional Consideration upon the surrender of the Certificates and (ii) the payment of Partnership Cash Consideration upon the delivery of reasonable evidence of ownership and an election to receive the Partnership Cash Consideration of Company Common Units and/or Company Preferred Units.

(b) Immediately prior to the Effective Time, for the benefit of the holders of Certificates and the benefit of holders of Company Common Units and Company Preferred Units electing to receive the Partnership Cash Consideration in the Partnership Merger (the "*Electing Holders*"), (i) Parent LP shall deposit with the Paying Agent the aggregate Merger Consideration payable pursuant to Article I in exchange for the Certificates and the aggregate Partnership Cash Consideration payable to the Electing Holders and (ii) the Company shall deposit with the Paying Agent the aggregate Additional Consideration payable pursuant to Article I in exchange for the Certificates (together, the "*Exchange Fund*"). The Exchange Fund may not be used for any purpose that is not provided herein. No interest will be paid or will accrue on any cash payable pursuant to Sections 1.6(a) and 1.6(b).

2.2 *Exchange Procedure*.

(a) Each holder of an outstanding Certificate or Certificates who has surrendered such Certificate or Certificates to the Company will, upon acceptance thereof by Parent LP and subject to the consummation of the Merger, be entitled to receive in exchange therefor (i) the amount of cash into which the aggregate number of shares of Company Common Stock or Series A Preferred Stock previously represented by such Certificate or Certificates shall have been converted pursuant to Sections 1.6(a) or 1.6(b), as applicable, and (ii) any other dividend payable with respect to shares of Company Common Stock and Series A Preferred Stock prior to the Effective Time (including any dividend declared prior to the Effective Time, but not paid as of the Effective Time), in each case without interest. The Parent LP shall accept such Certificates upon compliance with such reasonable terms and conditions as the Parent LP may impose to effect an orderly exchange thereof in accordance with normal exchange practices. Each outstanding Certificate that prior to the Effective Time represented Company Common Stock or Series A Preferred Stock and which is not surrendered to the Company in accordance with the procedures provided for herein shall, except as otherwise herein provided, until duly surrendered to the Company, be deemed to solely evidence the right to receive the Merger Consideration and the Additional Consideration into which such Company Common Stock or Series A Preferred Stock shall have been converted.

(b) Appropriate transmittal materials in a form satisfactory to Parent LP and the Company (including a letter of transmittal specifying that delivery shall be effected, and risk of loss and title to such Certificate shall pass, only upon delivery of such Certificate to the Paying Agent and instructions for use in surrendering the Certificates in exchange for the Merger Consideration and the Additional Consideration) shall be mailed or otherwise delivered to each holder of record of Company Common Stock and Series A Preferred Stock concurrently with the Company Information Statement. Neither Parent LP, the Company nor Paying Agent shall be obligated to deliver cash to which a holder of Company Common Stock or Series A Preferred Stock would otherwise be entitled as a result of the Merger until such holder surrenders the Certificate or Certificates representing the shares of Company Common Stock or Series A Preferred Stock for exchange as provided in this Section 2.2, or, in default thereof, an appropriate affidavit of loss and indemnity agreement as may be required by Parent LP or the Paying Agent pursuant to Section 2.8.

(c) Each Electing Holder who has delivered reasonable evidence of ownership of his, her or its Company Common Units or Company Preferred Units and election to receive the Partnership Cash Consideration in connection with the Partnership Merger to the Company will, upon acceptance thereof by Parent LP and subject to the consummation of the Merger, be entitled to receive in exchange therefor (i) the applicable amount of Partnership Cash Consideration, and (ii) any other distribution payable with respect to such Company Common Units and Company Preferred Units prior to the Effective Time (including any distributions declared prior to the Effective Time, but not paid as of the Effective Time), in each case without interest. Parent LP shall accept such evidence upon compliance with such reasonable terms and conditions as Parent LP may impose to effect an orderly exchange thereof in accordance with normal exchange practices.

2.3 *No Further Ownership Rights in Company Stock*. At the Effective Time, holders of shares of Company Common Stock and Series A Preferred Stock shall cease to be, and shall have no rights as, stockholders of the Company other than the right to receive the Merger Consideration and the Additional Consideration as provided under this Article II.

2.4 *Investment of Exchange Fund*. The Paying Agent shall invest the cash included in the Exchange Fund on a daily basis, as directed by Parent LP, in direct obligations of the United States of America, obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of all principal and interest or commercial paper obligations receiving the highest rating from either Moody's Investors Service, Inc. or Standard & Poor's or a combination thereof, provided that, in any such case, no such instrument shall have a maturity exceeding three months. Any interest and other income resulting from such investments shall be paid to Parent LP.

2.5 *Termination of the Exchange Fund*. Promptly following the date which is one (1) year from the Effective Time, the Paying Agent shall deliver to the Surviving Corporation (or, if it has been dissolved, Parent LP), all cash (as well as any proceeds from any investment thereof), Certificates and other documents in its possession relating to any of the Merger, the Partnership Merger or the payment of the Additional Consideration, and the Paying Agent's duties shall terminate. Any stockholders of Company who have not theretofore complied with this Article II shall thereafter look only to the Surviving Corporation (or, if it has been dissolved, Parent LP) for the consideration deliverable in respect of each share of Company Common Stock or Series A Preferred Stock held by such stockholder as determined pursuant to this Agreement, without any interest thereon (subject to applicable abandoned property, escheat and similar laws). Any Limited Partner who has not theretofore complied with this Article II or Section 6.9 shall thereafter look only to the Surviving Corporation (or, if it has been dissolved, Parent LP) for the consideration deliverable in respect of each Company Common Unit and Company Preferred Unit held by such Limited Partner as determined pursuant to this Agreement, without any interest thereon (subject to applicable abandoned property, escheat and similar laws).

2.6 *Stock Transfer Books*. At the Effective Time, the stock transfer books of the Company shall be closed and thereafter, there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of any shares of Company Common Stock or Series A Preferred Stock which were outstanding immediately prior to the Effective Time. On or after the Effective Time, any Certificates formerly representing shares of Company Common Stock or Series A Preferred Stock presented to the Surviving Corporation or the Paying Agent shall be surrendered and canceled in exchange for the payment of the Merger Consideration and the Additional Consideration relating thereto, as provided in this Article II. Parent LP and the Paying Agent shall be entitled to rely upon the stock transfer books of the Company to establish the identity of those Persons entitled to receive the Merger Consideration and the Additional Consideration specified in this Agreement, which books shall be conclusive with respect thereto.

2.7 *No Liability*. None of Parent, Parent LP, Merger Sub, the Company, Company LP or the Surviving Corporation or any of their respective Subsidiaries or Affiliates or the Paying Agent shall be liable to any Person in respect of any Merger Consideration, Additional Consideration, Partnership Cash Consideration or any cash dividend or distribution delivered to a public official pursuant to any applicable abandoned property, escheat or similar law. If any Certificate has not been surrendered prior to seven years after the Effective Time (or immediately prior to such earlier date on which the Merger Consideration, Additional Consideration or Partnership Cash Consideration in respect of such Certificate would otherwise escheat to or become the property of any governmental authority), any such cash in respect of such Certificate shall, to the extent permitted by applicable law, become the property of the Surviving Corporation, free and clear of all claims or interest of any person previously entitled thereto.

2.8 *Lost Certificates*. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if reasonably required by Parent LP, the delivery by such person of an indemnity agreement (and without requirement of any surety bond), in such reasonable form as Parent LP may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Paying Agent will issue the Merger Consideration and Additional Consideration in exchange for such lost, stolen or destroyed Certificate.

2.9 *Withholding Rights*. Parent LP, the Company, the Surviving Corporation and/or the Paying Agent (and/or any other Person required to withhold taxes on any amount payable pursuant to the terms of this Agreement) shall be entitled to deduct and withhold from the Merger Consideration, the Additional Consideration and the Partnership Cash Consideration otherwise payable pursuant to this Agreement (or any other amount payable pursuant to this Agreement) to the holders of shares of Company Common Stock and Series A Preferred Stock, the holders of the SARs, the Electing Holders, or any other Person, as the case may be, such amounts, if any, as are required to be deducted or withheld under any provision of U.S. federal tax law, or any provision of state, local or foreign tax law, with respect to the making of such payments. Amounts so withheld shall be treated for all purposes of this Agreement as having been paid to the holders of shares of Company Common Stock or Series A Preferred Stock, the holders of the SARs, the Electing Holders or other Persons, as the case may be, in respect of which such deduction or withholding was made.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF
THE COMPANY AND COMPANY LP

As an inducement to Parent, Parent LP and Merger Sub to enter this Agreement, except as set forth in the disclosure schedule delivered at or prior to the execution hereof to Parent, Parent LP and Merger Sub (the "*Company Disclosure Schedule*"), each of the Company and Company LP hereby jointly and severally represent and warrant to Parent, Parent LP and Merger Sub as follows:

3.1 *Organization; Good Standing; and Power*.

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware. The Company is duly qualified or licensed to do business as a foreign corporation and is in good standing under the laws of any other jurisdiction in which the character of the properties owned, leased or operated by it therein or in which the transaction of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. The Company has all requisite corporate power and authority to own, operate, lease and encumber its properties and carry on its business as now conducted. The Company has previously provided or made available to Parent LP true and complete copies of the Amended and Restated Certificate of Incorporation and By-laws of the Company, in each case, as in effect as of the date hereof (the "*Company Organizational Documents*").

(b) Company LP is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. Company LP is duly qualified or licensed to do business and is in good standing under the laws of any other jurisdiction in which the character of the properties owned, leased or operated by it therein or in which the transaction of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect. Company LP has all requisite partnership power and authority to own, operate, lease and encumber its properties, directly or indirectly, and carry on its business as now conducted. Company LP has previously provided or made available to Parent LP true and complete copies of the Company Partnership Agreement and Certificate of Limited Partnership of Company LP (the "*Company Partnership Certificate*"), in each case, as in effect as of the date hereof.

3.2 *Company Subsidiaries*.

(a) Each of the Company's and Company LP's direct and indirect Subsidiaries and such other entities listed in Section 3.2(a) of the Company Disclosure Schedule (the "*Company Subsidiaries*") is a corporation, partnership or limited liability company duly incorporated or organized, validly existing and in good standing under the laws of its jurisdiction of incorporation or organization, has the requisite corporate power or other power and authority to own its properties and to carry on its business as it is now being conducted, and is duly qualified to do business and is in good standing in each jurisdiction in which the ownership of its property or the conduct of its business requires such qualification, except for jurisdictions in which such failure to be so qualified or to be in good standing would not, individually or in the aggregate, have a Company Material Adverse Effect. The Company and Company LP have no other Subsidiaries other than the Company Subsidiaries. Section 3.2(a) of the Company Disclosure Schedule contains a complete and accurate list of all Company Subsidiaries listing their names, jurisdiction of organization, other jurisdictions in which they are authorized to do business and the names of all currently appointed and acting officers and directors.

(b) All outstanding shares of stock of each Company Subsidiary that is a corporation have been duly authorized, are validly issued, fully paid and nonassessable, and are, except as disclosed in Section 3.2(b) of the Company Disclosure Schedule, (i) 100% owned, beneficially and of record, by the Company, Company LP and/or another Company Subsidiary and (ii) owned free and clear of all Encumbrances. All equity interests in each Company Subsidiary that is a partnership, limited liability company, trust or other entity have been duly authorized and are validly issued and are, except as disclosed in Section 3.2(b) of the Company Disclosure Schedule, (A) 100% owned, beneficially and of record, by the Company, Company LP and/or another Company Subsidiary and (B) owned free and clear of all Encumbrances. None of the outstanding equity securities or other securities of any Company Subsidiary were issued in violation of the Securities Act or other state securities laws.

3.3 *Other Interests*. Except for the interests in the Company Subsidiaries, neither the Company, Company LP nor any Company Subsidiary owns directly or indirectly any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, business, trust or other entity (other than investments in short-term investment securities). Except as set forth on Section 3.3 of the Company Disclosure Schedule, none of the Company, Company LP or any Company Subsidiary has any contract to acquire, any equity securities or other securities of any Person (other than another Company Subsidiary) or any direct or indirect equity or ownership interest in any other business.

3.4 *Capital Structure*.

(a) As of the date of hereof, the authorized capital stock of the Company consists of 1,450,000 shares of Company Common Stock and 250,000 shares of preferred stock, par value $0.01 per share ("*Company Preferred Stock*"). As of the date of hereof, 55,000 shares of Company Preferred Stock have been designated as Series A Preferred Stock.

(b) As of the date hereof, (i) 179,716.743 shares of Company Common Stock are issued and outstanding, (ii) 21,766.969 shares of the Series A Preferred Stock are issued and outstanding, and (iii) 21,766.969 shares of Company Common Stock are reserved for issuance upon the conversion of Series A Preferred Stock. All such issued and outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Except as set forth in Section 3.4(b) of the Company Disclosure Schedule, to the knowledge of the Company, no Encumbrance exists on any shares of Company Common Stock or Series A Preferred Stock.

(c) The Company has no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the stockholders of the Company on any matter.

(d) As of the date of this Agreement, there are not any existing options, warrants, calls, subscriptions, convertible securities, or other rights, agreements or commitments which obligate the Company or any Company Subsidiary to issue, transfer or sell any shares of capital stock of the Company, except for (i) the SARs (all of which have been issued under the Company Incentive Plan), (ii) the Series A Preferred Stock which may be converted to Common Stock on a one-for-one basis, (iii) the Company Common Units which, under certain circumstances and subject to certain conditions set forth in the Company Partnership Agreement, may be converted into Company Common Stock on a one-for-one basis, (iv) the Company Preferred Units which, under certain circumstances and subject to certain conditions set forth in the Company Partnership Agreement, may be converted into Series A Preferred Stock on a one-for-one basis, and (v) the Company Preferred Units which, under certain circumstances and subject to certain conditions set forth in the Company Partnership Agreement, may be converted into Company Common Units on a one-for-one basis.

(e) Except as set forth in Section 3.4(e) of the Company Disclosure Schedule, there are no agreements or understandings to which the Company or any Company Subsidiary is a party with respect to the voting of any shares of capital stock of the Company or which restrict the transfer of any such shares, nor does the Company have knowledge of any third party agreements or understandings with respect to the voting of any such shares or which restrict the transfer of any such shares.

(f) Except as set forth in Section 3.4(f) of the Company Disclosure Schedule, there are no outstanding contractual obligations of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any shares of capital stock, partnership interests or any other securities of the Company or any Company Subsidiary.

(g) Except as set forth in Section 3.4(g) of the Company Disclosure Schedule, neither the Company nor any Company Subsidiary is under any obligation, contingent or otherwise, by reason of any agreement to register the offer and sale or resale of any of their securities under the Securities Act.

(h) Except as set forth in Section 3.4(h) of the Company Disclosure Schedule, all dividends or distributions on securities of the Company or any Company Subsidiary that have been declared or authorized prior the date of this Agreement have been paid in full (except to the extent such dividends are not yet due or payable).

(i) As of the date hereof, the issued and outstanding partnership interests of Company LP consist of (i) 461,103.597 units of common interest in Company LP ("*Company Common Units*") and (ii) 47,861.896 units of preferred interest in Company LP ("*Company Preferred Units*," and together with the Company Common Units, (the "*Company LP Units*"), all of which are validly issued and outstanding. Section 3.4(i) of the Company Disclosure Schedule, sets forth a complete and accurate list of all limited partners of Company LP (the "*Company Limited Partners*"), the percentage of the total outstanding Company LP Units held by each such limited partner and number of Company Common Units and/or Company Preferred Units held by each Company Limited Partner, which constitutes all of the holders of all the Company LP Units. Except as set forth in Section 3.4(i) of the Company Disclosure Schedule, the Company Common and Preferred Units are not subject to or issued in violation of, any preemptive right, purchase option, call option, right of first refusal, subscription or any other similar right or Encumbrance, and any capital contributions required to be made by the holders thereof have been made.

(j) The Company is the sole general partner of Company LP. As of the date hereof, the Company holds 179,716.743 units of the Company Common Units outstanding and 21,766.969 units of the Company Preferred Units outstanding. Except as set forth in Section 3.4(j) of the Company Disclosure Schedule or as disclosed in Section 3.4(d) above, there are not any existing options, warrants, calls, subscriptions, convertible securities, or other rights, agreements or commitments which obligate Company LP to issue, transfer or sell any partnership interests of Company LP. Except as set forth in Section 3.4(j) of the Company Disclosure Schedule, there are no outstanding contractual obligations of Company LP to repurchase, redeem or otherwise acquire any partnership interests of Company LP. Except as set forth in Section 3.4(j) of the Company Disclosure Schedule, the partnership interests owned by the Company and, to the knowledge of the Company, the partnership interests owned by the Company Limited Partners, are subject only to the restrictions on transfer set forth in the Company Partnership Agreement and the Company Partnership Certificate, and those imposed by applicable securities laws.

(k) None of the Company Common Stock or Company Preferred Stock was issued in violation of the Securities Act or other state securities laws.

3.5 *Compliance with Law; Permits*.

(a) Except as set forth in Section 3.5(a) of the Company Disclosure Schedule, the Company, Company LP and Company Subsidiaries have not received written notice and the Company, Company LP and the Company Subsidiaries otherwise have no knowledge that any of the Company, Company LP or any Company Subsidiary is in material violation of any applicable federal, state, local or foreign judgment, order, decree or any material statute, law, ordinance, rule, regulation, code or any judicial or administrative interpretation thereof, or any other government or rule of law or, order of any governmental authority or arbitration board or tribunal, to which the Company, Company LP or any Company Subsidiary or any of their respective properties or assets is subject.

(b) To the Company's knowledge, the Company, Company LP and the Company Subsidiaries have obtained all material licenses, permits and other authorizations and have taken all actions required by applicable law or governmental regulations in order to conduct their businesses as now conducted and, to the Company's knowledge, there is no pending threat of modification or cancellation of same.

(c) To the Company's knowledge, none of the Company, Company LP or the Company Subsidiaries nor any of their respective directors, officers, agents or employees has used any corporate or other funds for unlawful contributions, payments, gifts or entertainment or made any unlawful expenditures relating to any political activity to government officials or others. To the Company's knowledge, none of the Company, Company LP or the Company Subsidiaries nor any of their respective directors, officers, agents or employees have accepted or received any unlawful contributions, payments, gifts or expenditures. None of the Company, Company LP or any Company Subsidiary has been charged with or committed, or to the Company's knowledge, been under investigation with respect to, any violation of the Foreign Corrupt Practices Act.

3.6 *Authority; Validity and Effect of Agreements*.

(a) The Company has all requisite corporate power and authority to execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company pursuant to or as contemplated by this Agreement and to consummate the transactions contemplated hereby and perform its obligations hereunder and thereunder. The execution, delivery and performance by the Company of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company pursuant to or as contemplated by this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on behalf of the Company. This Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company pursuant to or as contemplated by this Agreement, assuming due and valid authorization, execution and delivery hereof by Parent, Parent LP and Merger Sub, constitute a valid and legally binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

(b) Company LP has the requisite partnership power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Company LP pursuant to or as contemplated by this Agreement and to consummate the transactions contemplated hereby to which Company LP is a party and perform its obligations hereunder. The execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Company LP pursuant to or as contemplated by this Agreement by Company LP and the consummation by Company LP of the transactions contemplated by this Agreement to which Company LP is a party have been duly authorized by all necessary action on the part of Company LP. This Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Company LP pursuant to or as contemplated by this Agreement, assuming due and valid authorization, execution and delivery hereof by Parent, Parent LP and Merger Sub, has been duly executed and delivered by Company LP and constitutes a valid and binding obligation of Company LP, enforceable against Company LP in accordance with and subject to its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

3.7 *Consents and Approvals; No Violations*.

(a) Except as set forth in Section 3.7(a) of the Company Disclosure Schedule and except as may result from any facts or circumstances relating solely to any of Parent, Parent LP, Merger Sub or Parent Subsidiaries (including, without limitation, its sources of financing) and assuming that all filings and notifications set forth in Section 3.7(b) of the Company Disclosure Schedule have been made and all consents approvals, authorizations and other actions set forth in Section 3.7(c) of the Company Disclosure Schedule have been obtained, the execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP does not, and the consummation of the transactions contemplated by this Agreement and each agreement, document and instrument to be executed and delivered to which the Company, Company LP and any Company Subsidiary is a party and compliance by the Company and Company LP with the provisions of this Agreement and each agreement, document and instrument to be executed and delivered will not conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to material loss of a benefit under, or result in the creation of any Encumbrance upon any of the Company Properties or assets of the Company, Company LP or any Company Subsidiary under (i) the Company Organizational Documents, the Company Partnership Certificate or the comparable charter or organizational documents or partnership, operating, or similar agreement (as the case may be) of any Company Subsidiary, each as amended or supplemented, (ii) any of the terms, conditions or provisions of any Material Contract which would constitute a material breach or material default of such Material Contract, or (iii) any law, order, writ, injunction, decree, statute, rule or regulation applicable to the Company, Company LP or any Company Subsidiary or any of their respective properties or assets, other than, in the case of clause (iii), any such conflicts, violations, defaults, rights, cancellation or acceleration, loss or Encumbrances that would not reasonably be expected to have a Company Material Adverse Effect.

(b) To the Company's knowledge, no consent, approval, order or authorization of, or registration, declaration or filing with, any federal, state or local government or any court, administrative or regulatory agency or commission or other governmental authority or agency, domestic or foreign (a "*Governmental Entity*") is required by or with respect to the Company, Company LP or any Company Subsidiary in connection with the execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company or Company LP or the consummation by the Company or Company LP of the transactions contemplated by this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company or Company LP, except for (i) the filing of the Certificate of Merger with the DSOS, (ii) such other consents, approvals, orders, authorizations, registrations, declarations and filings (A) as are set forth in Section 3.7(b) to the Company Disclosure Schedule, or (B) which, if not obtained or made, would not (1) prevent or materially delay the consummation of the Merger or any of the other transactions contemplated hereby, or (2) otherwise prevent the Company or Company LP from performing their material obligations under this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company or Company LP, and (iii) as may be necessary as a result of any facts or circumstances relating solely to Parent and Parent LP (including, without limitation, its sources of financing). To the knowledge of the Company, no contractual consent or approval of any third-party is required to liquidate the Company after the Effective Time.

(c) To the knowledge of the Company, except as set forth in Section 3.7(c) of the Company Disclosure Schedule, the execution, delivery and performance of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP will neither, require any third-party consents, approvals, authorizations or actions, nor trigger any rights of first offer or first refusal, buy/sell rights, put rights or other preferential rights in favor of third parties owning direct or indirect equity interests in Company Subsidiaries, except (i) where the failure to obtain such consent, approval, authorization or action would not (A) prevent or delay the consummation of the transactions contemplated by this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP or (B) have a material adverse effect on the ability of the Company or Company LP to perform their respective obligations under this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP, and (ii) as may be necessary as a result of any facts or circumstances relating solely to Parent and Parent LP (including, without limitation, its sources of financing).

3.8 *Litigation*. To the Company's knowledge, except as set forth in Section 3.8 of the Company Disclosure Schedule, except for routine litigation arising in the ordinary course of the Company's, Company LP's or the Company Subsidiaries' business or that is adequately covered by insurance, there is no action, suit or proceeding, claim, arbitration or investigation against the Company, Company LP or a Company Subsidiary pending or, to the Company's knowledge, threatened in writing.

3.9 *Absence of Certain Changes*. Except as disclosed in Section 3.9 of the Company Disclosure Schedule, from December 31, 2003 through the date hereof, the Company, Company LP and the Company Subsidiaries have conducted their businesses only in the ordinary course of business consistent with past practice and there has not been: (a) except as permitted by Section 1.8 hereof and other than dividends or distributions in the ordinary course of business consistent with past practice, any declaration, setting aside or payment of any dividend or other distribution with respect to any Company Common Stock or other equity securities of, or other ownership interests in, any Company Subsidiary or Company LP; (b) any material commitment, contractual obligation (including, without limitation, any management or franchise agreement, any lease (capital or otherwise)) or any material borrowing, liability, guaranty, capital expenditure or material transaction (each, a "*Commitment*") entered into by the Company, Company LP or any of the Company Subsidiaries outside the ordinary course of business except for Commitments for expenses of attorneys, mortgage loan servicers, rating agencies, appraisers to the companies, accountants and investment bankers incurred in connection with the Merger and the other transactions contemplated hereby; (c) any material change in the Company's or Company LP's accounting principles or practices or any tax method, practice or election that would materially affect the Company's, Company LP's or any Company Subsidiary's assets, liabilities or business, except insofar as may have been required by a change in applicable law or GAAP; (d) any amendment of the Company Organizational Documents, the Company Partnership Agreement or other organizational or governing documents of Company LP or any Company Subsidiary; (e) any redemption, repurchase or other acquisition of any equity interests by the Company, Company LP or any Company Subsidiary or any issuance of any equity interests or other securities (including any grant or issuance of any options, call, warrants or other rights or agreements relating to such issuance); (f) any change in, or effect on, the Company, Company LP or Company Subsidiaries or other event, damage or destruction relating to the business of the Company, Company LP, the Company Subsidiaries or the Company Properties that has had, or would reasonably be expected to have, a Company Material Adverse Effect; (g) any revaluation by any of the Company, Company LP, or Company Subsidiaries of any of the assets for financial reporting purposes, including any writing off of notes or accounts receivable other than in the ordinary course of business; (h) any sale or Encumbrance of the Company Properties or other assets of the Company, Company LP or the Company Subsidiaries other than in the ordinary course of business; (i) any increase in, establishment of or amendment of any Employee Programs or Employment Agreements or any other increase in compensation payable or to become payable to any present or former directors, officers or key employees of the Company, Company LP or the Company Subsidiaries other than in the ordinary course of business; or (j) any material obligation or liability incurred by any of the Company, Company LP or the Company Subsidiaries other than in the ordinary course of business.

3.10 *Financial Statements; No Undisclosed Material Liabilities*.

(a) Section 3.10(a) of the Company Disclosure Schedule sets forth the (i) audited balance sheets as of December 31, 2003, 2002 and 2001 and statements of income, changes in partnership equity and cash flows of Company LP and certain Company Subsidiaries for the years ended December 31, 2003, 2002 and 2001 and (ii) the unaudited balance sheet as of September 30, 2004 and statements of income, changes in partnership equity and cash flows for the nine months ended September 30, 2004 of Company LP (collectively, the "*Financial Statements*"). Such Financial Statements fairly present in all material respects the financial condition, results of operations and cash flows of Company LP as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of Company LP. The Financial Statements have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as noted therein and for the fact that the unaudited financial statements may not include footnotes normally contained therein and are subject to normal year-end adjustments.

(b) Except as disclosed in Section 3.10(b) of the Company Disclosure Schedule, as of the date hereof, there are no liabilities of the Company, Company LP or of any Company Subsidiary (whether known or unknown, whether absolute or contingent, whether liquidated or unliquidated and whether due or to become due), other than: (i) liabilities stated or adequately provided for on the balance sheet of Company LP dated as of December 31, 2003 (including the notes thereto); (ii) liabilities incurred in the ordinary course of business substantially consistent with past practices subsequent to December 31, 2003; (iii) liabilities under any Material Contracts, but not required to be disclosed pursuant to GAAP, (iv) liabilities resulting from routine litigation arising in the ordinary course of the Company, Company LP or the Company Subsidiaries' business or that are adequately covered by insurance; or (v) any liability that would not reasonably be expected to exceed $100,000 individually.

3.11 *Tax Matters*.

(a) Except as set forth in Section 3.11(a) of the Company Disclosure Schedule, each of the Company, Company LP and the Company Subsidiaries (i) has timely filed (or had filed on its behalf) all Tax Returns required to be filed by any of them (after giving effect to any filing extension granted by a Governmental Entity) and all such Tax Returns are complete and correct in all materials respects and (ii) has paid (or had paid on its behalf) all material Taxes (whether or not shown on such Tax Returns) required to be paid by it. Except as set forth in Section 3.11(a) of the Company Disclosure Schedule, (i) commencing with the Company's first taxable year through its taxable year ending December 31, 2003, the Company qualified as a real estate investment trust (a "*REIT*") within the meaning of the Code, and (ii) the Company's organization and method of operations will enable it to continue to meet the requirements for qualification and taxation as a REIT during its taxable year beginning January 1, 2004, through the date hereof, and intends to continue to be so organized and operated. To its knowledge, (i) the Company has been for each of its taxable years commencing with its first taxable year through its taxable year ending December 31, 2003, a "domestically-controlled REIT" within the meaning of Section 897(h)(4)(B) of the Code, and (ii) to its knowledge, has been owned since December 31, 2003, to the date hereof in such a manner as to permit it to continue to qualify as a "domestically-controlled REIT" within the meaning of Section 897(h)(4)(B) of the Code. If the Closing occurs in 2005, then, for purposes of Section 7.2(a) of this Agreement, the references in each of the two immediately preceding sentences to the Company's taxable year ending December 31, 2003, shall be deemed to refer to the Company's taxable year ending December 31, 2004, and the references in each of the two immediately preceding sentences to the Company's taxable year beginning January 1, 2004, shall be deemed to refer to the Company's taxable year beginning January 1, 2005. To its knowledge and except as set forth in Section 3.11(a) of the Company Disclosure Schedule, the Company has neither taken nor omitted to take any action that is likely to result in a successful challenge to its status as a REIT and no such challenge is pending or threatened. The most recent financial statements of the Company (as set forth in the consolidated financial statements of Company LP) reflect an adequate reserve for all material Taxes payable by the Company, Company LP and the Company Subsidiaries for all taxable periods and portions thereof through the date of such financial statements in accordance with GAAP. Except as set forth in Section 3.11(a) of the Company Disclosure Schedule, no deficiencies for any material Taxes have been proposed, asserted or assessed against the Company, Company LP or any of the Company Subsidiaries as of the date of this Agreement, and no requests for waivers of the time to assess any such Taxes are pending. Except as set forth in Section 3.11(a) of the Company Disclosure Schedule, no federal, state, local or foreign audits or other administrative proceedings or court proceedings are pending, or to the knowledge of the Company, threatened with regard to any Taxes or Tax Returns of any of the Company, Company LP or any of the Company Subsidiaries and none of the Company, Company LP or any of the Company Subsidiaries has received notice prior to the date of this Agreement of any actual, or to the knowledge of the Company, threatened audits or proceedings or is otherwise aware of any such audits or proceedings. Company LP is and has been for all prior periods (and will be through the Closing Date) taxable as a partnership and not as an association or publicly-traded partnership taxable as a corporation for federal income tax purposes. Each Company Subsidiary that is a partnership, joint venture, or limited liability company has always been, and will be through the Closing Date, a partnership or disregarded entity for income tax purposes, as the case may be, and not a corporation or an association or publicly-traded partnership taxable as a corporation. Each Company Subsidiary that is a corporation has always been, and will be through the Closing Date, a "qualified REIT subsidiary" within the meaning of Section 856(i) of the Code or a "taxable REIT subsidiary" within the meaning of Section 856(l) of the Code, except as set forth in Section 3.11(a) of the Disclosure Schedule.

(b) Since January 1, 2001, the Company has incurred no liability for excise Taxes under Sections 857(b), 860(c) or 4981 of the Code, including without limitation any excise Tax arising from a prohibited transaction described in Section 857(b)(6) of the Code or any Tax arising from "redetermined rents, redetermined deductions and excess interest" described in Section 857(b)(7) of the Code. To the Company's knowledge, no event has occurred and no condition or circumstance exists which presents a material risk that any material Tax described in the preceding sentence will be imposed upon the Company or any Company Subsidiary. Except as set forth in Section 3.11(b) of the Disclosure Schedule, none of the Company, Company LP or the Company Subsidiaries holds any asset (i) the disposition of which would be subject to rules similar to Section 1374 of the Code as a result of (A) an election under IRS Notice 88-19 or Treasury Regulations Sections 1.337(d)-5T or 1.337(d)-6 or (B) the application of Treasury Regulation Section 1.337(d)-7 or (ii) that is an interest (other than indebtedness within the meaning of Section 856(c)(7) of the Code) in an entity, other than in any Company Subsidiary, treated for U.S. federal income tax purposes as a corporation, partnership, trust, REMIC or a disregarded entity.

(c) Except as set forth in Section 3.11(c) of the Company Disclosure Schedule and the Partnership Agreement, there are no Company Tax Protection Agreements. For purposes of this Section 3.11(c), "*Company Tax Protection Agreements*" shall mean any agreement to which the Company, Company LP or any Company Subsidiary is a party pursuant to which (i) any liability to holders of Company Common Units relating to Taxes may arise, whether or not as a result of the consummation of the transactions contemplated by this Agreement; (ii) in connection with the deferral of income Taxes of a holder of Company Common Units, the Company, Company LP or the Company Subsidiaries have agreed to (A) maintain a minimum level of, put in place or replace any debt or continue a particular debt, (B) retain or not dispose of assets for a period of time that has not since expired, (C) make or refrain from making Tax elections, (D) operate (or refrain from operating) in a particular manner, and/or (E) only dispose of assets in a particular manner; (iii) the Company Limited Partners have guaranteed debt, or have the opportunity to guarantee debt, directly or indirectly, of Company LP (including without limitation any "deficit restoration obligation," guarantee (including, without limitation, a "bottom guarantee"), indemnification agreement or other similar arrangement); and/or (iv) any other agreement that would require the general partner of Company LP to consider separately the interests of the Company Limited Partners in respect of Taxes.

(d) Except as set forth in Section 3.11(d) of the Company Disclosure Schedule, there are no agreements, waivers or arrangements currently in effect that extend the statutory period of limitations applicable to any claim for, or for the period for the collection or assessment of, Taxes due from the Company, Company LP and Company Subsidiaries for any taxable period. No closing agreement pursuant to Section 7121 of the Code (or any predecessor provision) or any similar provision of any state, local or foreign law has been entered into by the Company, Company LP or Company Subsidiaries that is currently in force or effect. None of the Company, Company LP or any of the Company Subsidiaries (i) has been a member of an affiliated group filing a consolidated, combined or unitary Tax Return, (ii) has any liability for the Taxes of any Person (other than the Company, Company LP or the Company Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign Law), as a transferee or successor, by contract, or otherwise, or (iii) has entered into or is subject, directly or indirectly, to any Tax Protection Agreement, Tax sharing agreement, Tax indemnification agreement or similar contract or arrangement, except as set forth in Section 3.11(d) of the Company Disclosure Schedule.

(e) The Company, Company LP and each of the Company Subsidiaries has withheld and paid all material Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, creditor, stockholder, partner, member or other third party or, to the Company's knowledge, any independent contractor. The Company, Company LP and each of the Company Subsidiaries have complied with all material information reporting and backup withholding requirements, including maintenance of required records with respect thereto, in connection with amounts owing to any employee, independent contractor, creditor, equity holder or other third party. Except as set forth in Section 3.11(e) of the Company Disclosure Schedule, no power of attorney granted by any of the Company, Company LP or any of the Company Subsidiaries is currently in force with respect to any matter relating to Taxes.

(f) Neither the Company nor any other Person on its behalf has (i) agreed to or is required to make any adjustments pursuant to Section 481(a) of the Code or any similar provision of law or has any knowledge that any Governmental Entity has proposed any such adjustment, or has any application pending with any Governmental Entity requesting permission for any changes in accounting methods that related to the Company, Company LP or any Company Subsidiary, (ii) requested any extension of time within which to file any Tax Return, which Tax Return has since not been filed, (iii) except as set forth in Section 3.11(f) of the Company Disclosure Schedule, received any ruling from any Governmental Entity in respect of Taxes or signed any agreement in respect of Taxes with any Governmental Entity, or (iv) except as set forth in Section 3.11(f) of the Company Disclosure Schedule, has any outstanding or pending requests for rulings, determinations, letters or similar administrative pronouncements issued (or to be issued) by a Governmental Entity with respect to Taxes that will be (or if issued would be) binding upon any of the Company, Company LP or any Company Subsidiary after the Closing.

3.12 *Properties*.

(a) Except as set forth in Section 3.12(a) of the Company Disclosure Schedule, either Company LP or one of the Company Subsidiaries has a direct or indirect interest in the real properties identified in Section 3.12(a) of the Company Disclosure Schedule (the "*Company Properties*"), which Schedule indicates the Company Subsidiary that directly owns each Company Property and the direct or indirect interest of Company LP or Company Subsidiary in such Company Property and/or entity. The Company Properties are the only real estate properties owned directly or indirectly by Company LP or a Company Subsidiary, in each case (except as provided below) free and clear of liens, mortgages or deeds of trust, claims against title, charges which are liens, security interests or other encumbrances on title ("*Encumbrances*"). The Company Properties (other than the Company Properties under development) are not subject to any liens, encumbrances, rights of way, written agreements, laws, ordinances and regulations affecting building use or occupancy, or reservations of an interest in title (collectively, "*Property Restrictions*"), except for (i) Encumbrances and Property Restrictions set forth in Section 3.12(a) of the Company Disclosure Schedule or as set forth in the existing title policies which have been delivered or made available to Parent LP, (ii) Property Restrictions imposed or promulgated by law or any governmental body or authority with respect to real property, including zoning regulations, provided they do not materially adversely affect the current use of any Company Property,

(iii) Encumbrances and Property Restrictions disclosed on existing surveys which have been delivered or made available to Parent LP and (iv) mechanics', carriers', workmen's, repairmen's liens and other Encumbrances, Property Restrictions and other limitations of any kind, if any, which, individually or in the aggregate, are not material in amount, do not detract from the value of, or interfere with, the present use of any of the Company Properties subject thereto or affected thereby, and do not otherwise have a Company Material Adverse Effect.

(b) The Company has provided true and complete copies of all existing fee, leasehold and mortgagee policies of title insurance insuring interests in, or mortgages on, the Company Properties.

(c) Except as set forth in Section 3.12(c) to the Company Disclosure Schedule, to the knowledge of the Company, (i) no material certificate, permit or license from any Governmental Entity having jurisdiction over any of the Company Properties or any agreement, easement or other right that is necessary to permit the lawful use and operation of the buildings and improvements on any of the Company Properties (other than parcels ground leased to third parties, as to which the Company makes no representation or warranty pursuant to this Section 3.12(c)) or that is necessary to permit the lawful use and operation of all driveways, roads and other means of egress and ingress to and from any of the Company Properties has not been obtained and is not in full force and effect; (ii) neither the Company nor any Company Subsidiary has received written notice of any material violation of any federal, state or municipal law, ordinance, order, regulation or requirement affecting any of the Company Properties issued by any Governmental Entity which has not been cured or contested in good faith; (iii) there are no material structural defects relating to any of the Company Properties; (iv) there are no Company Properties whose material building systems are not in working order in any material respect; (v) there is no material physical damage to the Company Properties and (vi) there is no material work that needs to be completed, payment to be made and financial undertaking required to be taken by any of the Company, Company LP or any Company Subsidiary prior to the date hereof and the Closing pursuant to any contract entered into with a Governmental Entity in connection with a site approval, zoning reclassification or other similar action relating to a Company Property (other than parcels ground leased to third parties, as to which the Company makes no representation or warranty pursuant to this Section 3.12(c)).

(d) The rent roll previously provided by the Company to Parent LP (the "*Company Rent Roll*") lists each Lease (as defined below) in effect as of December 17, 2004. For purposes of this Section 3.12(d), "*Lease*" means each lease or other right of occupancy affecting or relating to a property in which Company LP (or an entity in which it directly or indirectly has an interest) is the landlord, either pursuant to the terms of the lease agreement or as successor to any prior landlord, but excluding any ground lease. The Company has made available to Parent LP true, correct and complete copies of all Leases, including all amendments, modifications, supplements, renewals, extensions and guarantees related thereto, as of the date hereof. Except for discrepancies that are not material, all information set forth in the Company Rent Roll is true, correct and complete as of the date thereof. A true, correct and complete description of all security deposits and outstanding landlord obligations for tenant improvements has been delivered or made available to Parent LP. Except as set forth in a delinquency report made available to Parent LP, neither the Company or any Company Subsidiary, on the one hand, nor, to the knowledge of the Company or Company LP, any other party, on the other hand, is in monetary default under any Lease.

(e) Except as set forth in Section 3.12(e) of the Company Disclosure Schedule, there is no currently pending condemnation proceeding with respect to any Company Property and to the Company's knowledge, the Company has not received any written notice or copy of notice from any Governmental Entity to the effect that any condemnation proceeding is contemplated in connection with any Company Property.

(f) Except as set forth in Section 3.12(f) of the Company Disclosure Schedule, none of the Company, Company LP or any Company Subsidiary has granted any unexpired option agreements or rights of first refusal with respect to the purchase of a Company Property or the lease of more than twenty-five percent (25%) of such Company Property or any other unexpired rights (including pursuant to purchase and sale or other similar agreements and rights of first refusal, first offer or similar rights) in favor of third persons to purchase or otherwise acquire a Company Property or any interest in a Company Property or any equity interest in any Company Subsidiary.

(g) The Company has made available true and complete copies of all Anchor Store Agreements affecting the Company Properties. Except as disclosed in Section 3.12(g) of the Company Disclosure Schedule, (i) the Company has received no written notice or a copy of a notice from any other party to any such Anchor Store Agreement claiming that the Company is currently in default under its obligations thereunder, (ii) to the Company's knowledge, no other party to any such Anchor Store Agreement is in default of any of its material obligations thereunder, (iii) with respect to the applicable Company Subsidiary, each such Anchor Store Agreement is in full force and effect and (iv) with respect to other parties to any such agreement, to the Company's knowledge, such Anchor Store Agreement is in full force and effect.

3.13 *Environmental Matters*. To the Company's knowledge, the Company, Company LP and the Company Subsidiaries and Company Properties owned or occupied by them are in compliance in all material respects with all Environmental Laws. There is no material administrative or judicial enforcement proceeding pending, or to the knowledge of the Company threatened, against the Company, Company LP or any Company Subsidiary under any Environmental Law. None of the Company, Company LP or any Company Subsidiary or, to the knowledge of the Company, any legal predecessor of the Company, Company LP or any Company Subsidiary, has received any written notice that it is potentially responsible under any Environmental Law for costs of response or for damages to natural resources, as those terms are defined under the Environmental Laws, at any location and none of the Company, Company LP or any Company Subsidiary has transported or disposed of, or allowed or arranged for any third party to transport or dispose of, any waste containing Hazardous Materials at any location included on the National Priorities List, as defined under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, except in the ordinary course of business and in accordance with Environmental Laws. The Company has no knowledge of any release on the real property owned or leased by the Company, Company LP or any Company Subsidiary or predecessor entity of Hazardous Materials in a manner that would be reasonably likely to result in an order to perform a response action or in material liability under the Environmental Laws, and, to the Company's knowledge, there is no hazardous waste treatment, storage or disposal facility, underground storage tank, landfill, surface impoundment, underground injection well, friable asbestos or PCB's, as those terms are defined under the Environmental Laws, located at any of the real property owned or leased by the Company, Company LP or any Company Subsidiary or predecessor entity or facilities utilized by the Company or the Company Subsidiaries, except as described in the environmental audit reports, asbestos surveys and operations and maintenance plans listed in Section 3.13 of the Company Disclosure Schedule.

3.14 *Employee Benefit Plans*.

(a) Section 3.14 of the Company Disclosure Schedule sets forth a list of every employee pension benefit plan, within the meaning of ERISA Section 3(2), every material employee welfare plan, within the meaning of ERISA Section 3(1), and other similar material programs and arrangements, including any plans or arrangements providing for material "fringe benefits" (collectively "*Employee Programs*"), currently maintained or contributed to (or with respect to which any obligation to contribute has been undertaken or for which there is any actual or contingent liability) by the Company or any ERISA Affiliate. Each Employee Program that is intended to qualify under Section 401(a) of the Code has received a favorable determination or opinion letter that it is so qualified and, to the Company's knowledge, nothing has occurred that is reasonably expected to give rise to disqualification or loss of tax-exempt status of any such Employee Program or trust under such sections, and, to the Company's knowledge, no event has occurred that will or could subject any such Employee Programs to tax under Section 511 of the Code.

(b) With respect to each Employee Program, the Company has provided, or made available, to Parent LP (if applicable to such Employee Program): (i) all documents embodying or governing such Employee Program, and any funding medium for the Employee Program (including, without limitation, trust agreements); (ii) the most recent IRS determination or opinion letter with respect to such Employee Program under Code Section 401(a); (iii) the most recently filed IRS Forms 5500; (iv) the summary plan description for such Employee Program (or other descriptions of such Employee Program provided to employees) and all modifications thereto; and (v) any insurance policy related to such Employee Program.

(c) Each Employee Program has been administered in all material respects in accordance with the requirements of applicable law, including, without limitation, ERISA and the Code, and their respective reporting and disclosure obligations. No Employee Program is subject to Title IV of ERISA or is a multiemployer plan, within the meaning of ERISA Section 3(37) and neither the Company nor any ERISA Affiliate has any actual or contingent liability under Title IV of ERISA, and, to the Company's knowledge, no fact or event exists that would reasonably be expected to give rise to any such liability.

(d) Full payment has been made, or otherwise properly accrued on the books and records of the Company and any ERISA Affiliate, of all material amounts that the Company and any ERISA Affiliate are required under the terms of the Employee Programs to have paid as contributions to such Employee Programs on or prior to the date hereof (excluding any amounts not yet due) and the contribution requirements, on a prorated basis, for the current year (including any amounts not yet due) have been made or otherwise properly accrued on the books and records of the Company through the Closing Date and there is no other material liability that is unfunded or unaccrued related to any Employee Program.

(e) Neither the Company, an ERISA Affiliate or any person appointed or otherwise designated to act on behalf of the Company, or an ERISA Affiliate, nor, to the knowledge of the Company, any other "disqualified person" or "party in interest" (as defined in Section 4975(e)(2) of the Code and Section 3(14) of ERISA, respectively) has engaged in any transactions in connection with any Employee Program that is reasonably expected to result in the imposition of a material penalty pursuant to Section 502(i) of ERISA, material damages pursuant to Section 409 of ERISA or a material tax pursuant to Section 4975(a) of the Code.

(f) No liability, claim, action or litigation has been made, commenced or, to the knowledge of the Company, threatened with respect to any Employee Program (other than for benefits payable in the ordinary course of business).

(g) Except as set forth in Section 3.14 of the Company Disclosure Schedule, no Employee Program provides for medical benefits or life insurance (other than under Section 4980B of the Code or a plan qualified under Section 401(a) of the Code) to any current or future retiree or former employee.

(h) Except as set forth in Section 3.14 of the Company Disclosure Schedule, no benefit or amount payable or which may become payable by the Company or its subsidiaries pursuant to any Employee Program, agreement or contract with any employee, shall constitute an "excess parachute payment," within the meaning of Section 280G of the Code, which is or may be subject to the imposition of any excise tax under Section 4999 of the Code or which would not reasonably be expected to be deductible by reason of Section 280G of the Code.

(i) Except as set forth in Section 3.14 of the Company Disclosure Schedule, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby (either alone or upon the occurrence of any additional or further acts or events) will (i) result in any payment becoming due to any employee of Company or Company Subsidiary; (ii) increase any benefits otherwise payable under any Employee Program, or any other plan or program of the Company, including without limitation any plan listed in Section 6.6(a) or 6.6(c) of the Company Disclosure Schedule, or (iii) result in the acceleration of the time of payment or vesting of any such benefits, including any payment to any rabbi trust or similar arrangement.

3.15 *Labor and Employment Matters*.

(a) None of the Company, Company LP or any Company Subsidiary is a party to, or bound by, any collective bargaining agreement, contract or other agreement or understanding with a labor union or labor union organization, nor are there any negotiations or discussions currently pending or occurring between the Company, Company LP, or any of the Company Subsidiaries, and any union or employee association regarding any collective bargaining agreement or any other work rules or polices. There is no unfair labor practice or labor arbitration proceeding or grievance pending or, to the knowledge of the Company, threatened against the Company, Company LP or any of the Company Subsidiaries. To the Company's knowledge, (i) there are no organizational efforts with respect to the formation of a collective bargaining unit presently being made or threatened involving employees of the Company, Company LP or any of the Company Subsidiaries (ii) nor have there been any such organizational efforts over the past five (5) years.

(b) Except as set forth in Section 3.15 of the Company Disclosure Schedule, there are no lawsuits, complaints or proceedings pending or, to the knowledge of the Company, threatened against the Company, Company LP or any of the Company Subsidiaries in any forum by or on behalf of any present or former employee of the Company, Company LP or any of the Company Subsidiaries, any applicant for employment or classes of the foregoing alleging breach of any express or implied employment contract, violation of any law or regulation governing employment or the termination thereof, or any other discriminatory, wrongful or tortious conduct on the part of the Company, Company LP of any of the Company Subsidiaries in connection with the employment relationship.

(c) Except as set forth in Section 3.15 of the Company Disclosure Schedule, (i) there is no strike, slowdown, work stoppage or lockout pending, or, to the Company's knowledge, threatened against or involving the Company, Company LP or any of the Company Subsidiaries; (ii) to the Company's knowledge, the employees of the Company, Company LP and the Company Subsidiaries are lawfully authorized to work in the United States according to federal immigration laws; (iii) the Company, Company LP and each of the Company Subsidiaries are in compliance in all material respects with all applicable laws in respect of employment and employment practices, terms and conditions of employment, wages, hours of work, worker's compensation, non-discrimination, immigration and occupational safety and health and (iv) there is no proceeding, claim, suit, action or governmental investigation pending or, to the Company's knowledge, threatened in writing, with respect to which any current or former partner, officer, employee or agent of the Company, Company LP or any Company Subsidiary is claiming indemnification from the Company, Company LP or any Company Subsidiary.

3.16 *Brokers*. None of the Company, Company LP or any of the Company Subsidiaries have entered into any contract, arrangement or understanding with any broker, investment bank, financial advisor or other Person which may result in the obligation to pay any finder's fees, brokerage, financial advisor's or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or consummation of the Merger, except that the Company has retained Morgan Stanley & Co. Incorporated as its financial advisor in connection with the Merger, the fees and expense of which will be paid by the Company at or prior to Closing.

3.17 *Opinion of Financial Advisor*. The Company Board has received an opinion of Morgan Stanley & Co. Incorporated to the effect that, based on, and subject to the various assumptions and qualifications set forth in the opinion, as of the date of such opinion, the Merger Consideration to be received by the holders of shares of Company Common Stock, Series A Preferred Stock, Company LP Units and SARs, as a group, pursuant to this Agreement is fair to such holders from a financial point of view. The Company will deliver a copy of the written opinion of Morgan Stanley & Co. Incorporated to Parent promptly following receipt thereof.

3.18 *Consent and Voting Agreements*. Holders of shares of Company Common Stock and Series A Preferred Stock, owning a sufficient number of such shares of Company Common Stock and Company Preferred Stock necessary to approve and adopt this Agreement, the Merger and the other transactions contemplated hereby, have executed the Consent and Voting Agreements. Company Limited Partners, owning a sufficient number of the Company LP Units necessary to approve and adopt this Agreement, the Merger, the Amended and Restated Company Partnership Agreement and the other transactions contemplated hereby, have executed the Consent and Voting Agreements.

3.19 *Material Contracts and Commitments*.

(a) Except as listed in Section 3.19(a) of the Company Disclosure Schedule, the Company is not a party to any of the following contracts or agreements (if any) (collectively, the "*Material Contracts*"):

(i) material management contracts with respect to the Company Properties;

(ii) all material documents evidencing or creating indebtedness for borrowed money, or giving rise to a guarantee of such indebtedness, of the Company, Company LP or a Company Subsidiary relating to a Company Property with a remaining principal balance in excess of $100,000;

(iii) partnership agreements, limited liability company agreements and joint venture agreements to which the Company, Company LP or any Company Subsidiary is a party (and having as another party any Person who is not a Company Subsidiary);

(iv) leases relating to any material personal property leased by the Company, Company LP or any Company Subsidiary or other real property leased by the Company, Company LP or any Company Subsidiary;

(v) all of the employment agreements between any of the Company, Company LP, any Company Subsidiary and any of their employees in effect as of the date hereof (the "*Employment Agreements*"), any severance agreement or arrangement with any employee, and all agreements pursuant to which consulting services are rendered to the Company, Company LP, any Company Subsidiary that are likely to involve payments in excess of $100,000 per year;

(vi) agreements granting to any unaffiliated third party a first-refusal, first-offer or other right to purchase or acquire any of the Company LP Units;

(vii) agreements materially limiting or restricting the ability of the Company, Company LP or any Company Subsidiary to enter into or engage in any geographic area or line of business other than as provided in any leases or Anchor Space agreements affecting the Company Properties;

(viii) agreements that will not be terminated on or before the Closing, or that cannot be terminated within sixty (60) days of the Closing, between the Company, Company LP, any Company Subsidiary and any Company Limited Partner or any Affiliate of a Company Limited Partner (other than the Company, Company LP or any Company Subsidiary) that commit any one or more of the Company, Company LP, any Company or Subsidiary to pay, in the aggregate, more than $100,000 per year.

(ix) agreements entered into since September 30, 2004 pursuant to which the Company, Company LP or any Company Subsidiary incurred an obligation to pay any amounts in respect of indemnification obligations, purchase price adjustments or other payments in connection with (A) any acquisition or disposition of assets, (B) merger, consolidation or other business combination, or (C) a series or group of related transactions or events of a type specified in (A) or (B).

(b) True and complete copies of the contracts and agreements disclosed in Section 3.19 of the Company Disclosure Schedule hereof have been made available to Parent LP. Except as set forth in Section 3.19(b) of the Company Disclosure Schedule, (i) each contract and agreement disclosed pursuant to Section 3.19(a) hereof is valid and binding in all material respects on the Company, Company LP or any Company Subsidiary party thereto and, to the Company's knowledge, on the other party or other parties thereto, and is in full force and effect in accordance with its respective terms, (ii) upon consummation of the transactions contemplated by this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP and assuming that all filings and notifications set forth in Section 3.7(b) of the Company Disclosure Schedule have been made and all consents, approvals, authorizations and other actions set forth in Section 3.7(c) of the Company Disclosure Schedule have been obtained, each such contract and agreement shall continue in full force and effect in all material respects in accordance with its respective terms without penalty, acceleration of payment or other adverse consequence (including any diminution of management or other control rights with respect to the Company, Company LP or any Company Subsidiary, subject to "key person" provisions in agreements relating to Company Properties listed in Section 3.19 of the Company Disclosure Schedule), (iii) upon consummation of the transactions contemplated by this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of the Company and Company LP and assuming that all filings and notifications set forth in Section 3.7(b) of the Company Disclosure Schedule have been made and all consents, approvals, authorizations and other actions set forth in Section 3.7(c) of the Company Disclosure Schedule have been obtained, none of the Company, Company LP or any Company Subsidiary, as applicable, is in material breach of, or material default under, any such contract or agreement, and no event exists that, but for the giving of notice or passage of time, would result in such a breach or default by the Company, Company LP or any Company Subsidiary party thereto, and (iv) to the Company's knowledge, no other party to any such contract or agreement is in material breach thereof or material default thereunder, and no event exists that, but for the giving of notice or passage or time, would result in such a breach or default by the other party thereto.

3.20 *Intellectual Property*. Except as set forth in Section 3.20 of the Company Disclosure Schedule or as would not reasonably be expected to have a Company Material Adverse Effect, the Company, Company LP or the Company Subsidiaries own or are licensed to use, or otherwise have the right to use, all items of intangible property which are used in connection with the business of the Company, Company LP and the Company Subsidiaries as currently conducted, including, without limitation, trade names, domain names, logos, product names, unregistered trademarks and service marks, brand names, software, patents and copyrights (the "*Intellectual Property Rights*"). To the Company's knowledge, use of the Intellectual Property Rights by the Company, Company LP or any of the Company Subsidiaries does not infringe any rights of any third party. There are no claims pending or, to the Company's knowledge, threatened, that the Company, Company LP or any Company Subsidiary is in violation of any such intellectual property right of any third party, and, to the Company's knowledge, no third party is in violation of any Intellectual Property Rights of the Company, Company LP or any Company Subsidiary which would have a Company Material Adverse Effect.

3.21 *Insurance*. Section 3.21 of the Company Disclosure Schedule sets forth a true, correct and complete summary of the insurance policies held by, or for the benefit of the Company, Company LP and the Company Subsidiaries, including the underwriter of such policies and the amount of coverage thereunder. All of such policies are with reputable and financially responsible insurers and in such amounts and covering such risks as are in accordance with normal industry practice for companies engaged in businesses similar to that of the Company, Company LP and the Company Subsidiaries (taking into account the cost and availability of such insurance). The Company, Company LP or the applicable Company Subsidiary has paid, or caused to be paid, all premiums due under such policies and is not in default with respect to any obligations under such policies in any material respect. There is no material claim by the Company, Company LP or any Company Subsidiary pending under any such policies which has been denied or disputed by the insurer. All such insurance policies are in full force and effect and no written notice of cancellation or termination has been received by the Company, Company LP or any Company Subsidiary, other than any notices with respect to any such policy which has been replaced on substantially similar terms prior to the effective date of such cancellation.

3.22 *Company Information*.

(a) The information relating to the Company, Company LP and the Company Subsidiaries provided to the holders of Company Common Stock and Series A Preferred Stock in the Company Information Statement will not contain any untrue statement of any material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading at the time and in light of the circumstances under which such statement is made, except that no representation is made by the Company, Company LP or the Company Subsidiaries with respect to the information that has been or will be supplied by Parent, Parent LP or Merger Sub or their respective auditors, attorneys, financial advisors, or other consultants or advisers for inclusion therein.

(b) The information relating to the Company, Company LP and the Company Subsidiaries provided to the holders of Company Common Units and Company Preferred Units in the Company LP Disclosure Document will not contain any untrue statement of any material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading at the time and in light of the circumstances under which such statement is made, except that no representation is made by the Company, Company LP or the Company Subsidiaries with respect to the information that has been or will be supplied by Parent, Parent LP or Merger Sub or their respective auditors, attorneys, financial advisors, or other consultants or advisers for inclusion therein.

3.23 *Related Party Transactions*. Except as disclosed in Section 3.23 of the Company Disclosure Schedule, there are no transactions, arrangements, agreements or understandings between the Company, Company LP or any Company Subsidiary, on one hand, and any Person who is an officer, director or Affiliate of the Company, Company LP or any Company Subsidiary, any relative of the foregoing or an entity of which any of the foregoing is an Affiliate, on the other hand. Copies of all such documents have been made available to Parent LP.

3.24 *Investment Company Act of 1940*. None of the Company, Company LP or any Company Subsidiary is, or on the Closing Date will be, required to be registered as an "investment company" under the Investment Company Act of 1940, as amended.

3.25 *Internal Financial Controls*.

(a) The Company maintains for the Company, Company LP and the Company Subsidiaries a standard system of accounting established and administered in accordance with GAAP.

(b) Since December 31, 2003, (i) none of Company, Company LP and the Company Subsidiaries or any director, or officer, or, to the knowledge of the Company, any employee, accountant or auditor of the Company, Company LP or any of the Company Subsidiaries, has received or otherwise had or obtained knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the accounting or auditing practices and procedures of the Company, Company LP or any of the Company Subsidiaries or their respective internal accounting controls and (ii) there have been no internal investigations regarding accounting or revenue recognition discussed with, reviewed by or initiated at the direction of the chief executive officer, chief financial officer, general counsel, the board of directors or any committee thereof.

(c) No attorney representing the Company, Company LP or any Company Subsidiary, whether or not employed by the Company, Company LP or any Company Subsidiaries, has reported evidence of a material violation of securities laws, breach of fiduciary duty or similar violation by the Company, Company LP or any Company Subsidiary or any of their respective officers, directors, employees or agents to the board of directors of the Company, Company LP or any Company Subsidiary, to any committee thereof or to any director or officer of the Company, Company LP or any Company Subsidiary.

(d) To the knowledge of the Company, no employee of the Company, Company LP or any Company Subsidiary has provided or is providing information to any law enforcement agency regarding the commission or possible commission of any crime or the violation or possible violation of any applicable law. To the knowledge of the Company, none of the Company, Company LP and the Company Subsidiaries, nor any officer, employee, contractor, subcontractor or agent of the Company, Company LP or any Company Subsidiary has discharged, demoted, suspended, threatened, harassed or in any other manner discriminated against an employee of the Company, Company LP or any Company Subsidiary in the terms and conditions of employment because of any act of such employee described in 18 U.S.C. §1514A(a).

(e) The Company, Company LP and the Company Subsidiaries have reporting practices designed such that material information relating to the Company, Company LP and the Company Subsidiaries and their respective businesses, properties, assets, liabilities and operations is made known to the senior executives of the Company and Company LP by others within those entities in the ordinary course of business of the Company and Company LP.

3.26 *Inapplicability of Takeover Statute*. The Company has taken all action required to be taken by it in order to exempt this Agreement and the Merger from, and this Agreement and the Merger are exempt from, the requirements of the Delaware Business Combination statute provided in §203 DGCL.

3.27 *Definition of the Company's Knowledge*. As used in this Agreement, the phrase "to the knowledge of the Company" or any similar phrase means with respect to the Company (or any Company Subsidiary) the actual (and not the constructive or imputed) knowledge of those individuals identified in Section 3.27 of the Company Disclosure Schedule.

3.28 *No Other Representations or Warranties*. Except for the representations and warranties made by the Company and Company LP in this Article III, the Company and Company LP make no representations or warranties, and the Company and Company LP hereby disclaim any other representations or warranties, with respect to the Company, Company LP, the Company Subsidiaries, or its or their businesses, operations, assets, liabilities, condition (financial or otherwise) or prospects or the negotiation, execution, delivery or performance of this Agreement by the Company and Company LP, notwithstanding the delivery or disclosure to Parent, Parent LP or Merger Sub or their respective Affiliates or representatives of any documentation or other information with respect to any one or more of the foregoing.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF
PARENT, PARENT LP AND MERGER SUB

As an inducement to the Company and Company LP to enter this Agreement, except as set forth in the disclosure schedule delivered at or prior to the execution hereof to the Company (the "*Parent Disclosure Schedule*"), each of Parent, Parent LP and Merger Sub hereby jointly and severally represent and warrant to the Company and Company LP as follows:

4.1 *Organization; Good Standing and Power*.

(a) Parent is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland. Parent is duly qualified or licensed to do business as a foreign corporation and is in good standing under the laws of any other jurisdiction in which the character of the properties owned, leased or operated by it therein or in which the transaction of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Parent has all requisite corporate power and authority to own, operate, lease and encumber its properties and carry on its business as now conducted. Parent has previously provided or made available to the Company true and complete copies of the certificate of incorporation and bylaws of Parent, in each case, as in effect as of the date hereof (the "*Parent Organizational Documents*").

(b) Parent LP is a limited partnership duly organized, validly existing and in good standing under the laws of the State of Delaware. Parent LP is duly qualified or licensed to do business and is in good standing under the laws of any other jurisdiction in which the character of the properties owned, leased or operated by it therein or in which the transaction of its business makes such qualification or licensing necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Parent LP has all requisite partnership power and authority to own, operate, lease and encumber its properties and carry on its business as now conducted. Parent LP has previously provided or made available to the Company true and complete copies of the Limited Partnership Agreement of Parent LP and Certificate of Limited Partnership of Parent LP, in each case, as in effect as of the date hereof (the "*Parent LP Organizational Documents*").

4.2 *Formation of Merger Sub; No Prior Activities*.

(a) Merger Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Merger Sub was formed solely for the purpose of engaging in the transactions contemplated by this Agreement. All of the issued and outstanding capital stock of Merger Sub is validly issued, fully paid and non-assessable and is owned, beneficially and of record, by Parent LP free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, stockholders agreements, limitations on Parent LP's voting rights, charges and other Encumbrances of any nature whatsoever. Parent LP has previously provided or made available to the Company true and complete copies of the certificate of incorporation and bylaws of Merger Sub, in each case, as in effect as of the date hereof.

(b) As of the date hereof and as of the Effective Time, except for (i) obligations or liabilities incurred in connection with its incorporation and (ii) this Agreement and any other agreements or arrangements contemplated by this Agreement or in furtherance of the transactions contemplated hereby, Merger Sub has not incurred, directly or indirectly, through any Subsidiary or any Affiliate, any obligations or liabilities or engaged in any business activities of any type or kind whosoever or entered into any agreements or arrangements with any Person.

4.3 *Compliance with Law*.

(a) Except as set forth in Section 4.3 of the Parent Disclosure Schedule, Parent, Parent LP, Merger Sub and the Subsidiaries of Parent ("*Parent Subsidiaries*") have not received written notice and Parent, Parent LP, Merger Sub and Parent Subsidiaries otherwise have no knowledge that any of Parent, Parent LP, Merger Sub or any Parent Subsidiary is in material violation of any applicable federal, state, local or foreign judgment, order, decree or any material statute, law, ordinance, rule, regulation, code or any judicial or administrative interpretation thereof, or any other government or rule of law or, order of any governmental authority or arbitration board or tribunal to which Parent, Parent LP, Merger Sub or any Parent Subsidiary or any of their respective properties or assets is subject.

(b) To Parent's knowledge, Parent, Parent LP, Merger Sub and the Parent Subsidiaries have obtained all material licenses, permits and other authorizations and have taken all actions required by applicable law or governmental regulations in order to conduct their businesses as now conducted and, to Parent's knowledge, there is no pending threat of modification or cancellation of same.

4.4 *Authority; Validity and Effect of Agreement*.

(a) Each of Parent and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent or Merger Sub pursuant to or as contemplated by this Agreement and to consummate the transactions contemplated hereby and perform its obligations hereunder and thereunder. The execution, delivery and performance by Parent and Merger Sub of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent or Merger Sub pursuant to or as contemplated by this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on behalf of Parent and Merger Sub. Neither Parent nor Merger Sub was, immediately prior to the execution of this Agreement, an "interested stockholder" within the meaning of Section 203 of the DGCL. This Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent or Merger Sub pursuant to or as contemplated by this Agreement, assuming due and valid authorization, execution and delivery hereof by the Company and Company LP, constitutes a valid and legally binding obligation of Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

(b) Parent LP has the requisite partnership power and authority to enter into this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent LP pursuant to or as contemplated by this Agreement and to consummate the transactions contemplated hereby to which Parent LP is a party and perform its obligations hereunder. The execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent LP pursuant to or as contemplated by this Agreement by Parent LP and the consummation by Parent LP of the transactions contemplated by this Agreement to which Parent LP is a party have been duly authorized by all necessary action on the part of Parent LP. Parent LP was not, immediately prior to the execution of this Agreement, an "interested stockholder" within the meaning of Section 203 of the DGCL. This Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent LP pursuant to or as contemplated by this Agreement, assuming due and valid authorization, execution and delivery hereof by the Company and Company LP, has been duly executed and delivered by Parent LP and constitutes a valid and binding obligation of Parent LP, enforceable against Parent LP in accordance with and subject to its terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

4.5 *Consents and Approvals; No Violations*.

(a) Except as set forth in Section 4.5(a) of the Parent Disclosure Schedule and except as may result from any facts or circumstances relating solely to any of Company, Company LP or Company Subsidiaries, and assuming that all filings and notifications set forth in Section 4.5(b) of the Parent Disclosure Schedule have been made and all consents, approvals and authorizations and other actions set forth in Section 4.5(c) of the Parent Disclosure Schedule have been obtained, the execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent, Parent LP and Merger Sub does not, and the consummation of the transactions contemplated by this Agreement to which Parent, Parent LP and Merger Sub is a party and compliance by Parent, Parent LP and Merger Sub with the provisions of this Agreement will not, conflict with, or result in any violation of, or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any material obligation or to material loss of a benefit under, or result in the creation of any Encumbrance upon any of the properties or assets of Parent, Parent LP, Merger Sub or any Parent Subsidiary under (i) the Parent Organizational Documents, the Parent LP Organizational Documents or the comparable charter or organizational documents or partnership, operating, or similar agreement (as the case may be) of any Parent Subsidiary, each as amended or supplemented, (ii) any of the terms, conditions or provisions of any indenture or loan or credit agreement or any other agreement, contract or instrument to which Parent, Parent LP or Merger Sub is bound which would constitute a breach or default of such indenture or loan or credit agreement or any other agreement, contract or instrument, or (iii) any law, order, writ, injunction, decree, statute, rule or regulation applicable to Parent, Parent LP, Merger Sub or any Parent Subsidiary or any of their respective properties or assets, other than, in the case of clauses (ii) or (iii), any such conflicts, violations, defaults, rights, cancellation or acceleration, loss or Encumbrances that would not reasonably be expected to have a Parent Material Adverse Effect.

(b) To the knowledge of Parent no consent, approval, order or authorization of, or registration, declaration or filing with, any Governmental Entity is required by or with respect to Parent, Parent LP, Merger Sub or any Parent Subsidiary in connection with the execution and delivery of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent, Parent LP and Merger Sub or the consummation by Parent, Parent LP and Merger Sub of the transactions contemplated by this Agreement, except for (i) the filing of the Certificate of Merger with the DSOS, (ii) such other consents, approvals, orders, authorizations, registrations, declarations and filings (A) as are set forth in Section 4.5(b) to the Parent Disclosure Schedule, or (B) which, if not obtained or made, would not (1) prevent or materially delay the consummation of the Merger or any of the other transactions contemplated hereby, or (2) otherwise prevent Parent, Parent LP or Merger Sub from performing their material obligations under this Agreement, and (iii) as may be necessary as a result of any facts or circumstances relating solely to the Company and Company LP.

(c) To the knowledge of Parent, except as set forth in Section 4.5(c) of the Parent Disclosure Schedule, the execution, delivery and performance of this Agreement and each agreement, document and instrument to be executed and delivered by or on behalf of Parent and Parent LP will not require any third-party consents, approvals, authorizations or actions, except (i) where the failure to obtain such consent, approval, authorization or action would not (A) prevent or delay the consummation of the transactions contemplated by this Agreement or (B) have a material adverse effect on the ability of Parent or Parent LP to perform their respective obligations under this Agreement and (ii) as may be necessary as a result of any facts or circumstances relating solely to the Company and Company LP.

4.6 *SEC Reports*. Parent has filed all required forms and reports with the SEC since December 31, 2001 (collectively, the "*Parent SEC Reports*"), all of which were prepared in all material respects in accordance with the applicable requirements of the Exchange Act, the Securities Act and the rules and regulations promulgated thereunder (the "*Securities Laws*"). As of their respective filing dates, the Parent SEC Reports (a) complied as to form in all material respects with the applicable requirements of the Securities Laws and (b) did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading, except to the extent corrected by a subsequently filed Parent SEC Report which was filed prior to the date hereof. Each of the consolidated balance sheets of Parent included in or incorporated by reference into Parent SEC Reports (including the related notes and schedules) fairly presented in all material respects the consolidated financial position of Parent and Parent Subsidiaries as of its date (subject, in the case of unaudited statements, to normal recurring year-end adjustments) and each of the consolidated statements of operations, consolidated statements of common stockholders' equity and consolidated statements of cash flows of Parent included in or incorporated by reference into Parent SEC Reports (including any related notes and schedules) fairly presented in all material respects the results of consolidated statements of operations, consolidated statements of common stockholders' equity or consolidated statements of cash flows, as the case may be, of Parent and Parent Subsidiaries for the periods set forth therein (subject, in the case of unaudited statements, to normal recurring year-end adjustments) and are consistent with the books and records of Parent and Parent Subsidiaries. The consolidated balance sheets, consolidated statements of operations, consolidated statements of common stockholders' equity and consolidated statements of cash flows of Parent included in or incorporated by reference into Parent SEC Reports were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except as may be noted therein and except, in the case of the unaudited statements, as permitted by Form 10-Q pursuant to Sections 13 or 15(d) of the Exchange Act and normal year-end audit adjustments. No Parent Subsidiary is required to file any form or report with the SEC. The certificates of the Chief Executive Officer and Chief Financial Officer of Parent required by Rules 13a-14 and 15d-14 of the Exchange Act with respect to Parent SEC Reports, as applicable, are true and correct as of the date of this Agreement as they relate to a particular Parent SEC Report, as though made as of the date of this Agreement. Parent has established and maintains disclosure controls and procedures, has conducted the procedures in accordance with their terms in all material respects and has otherwise operated in compliance with the requirements under Rules 13a-15 and 15d-15 of the Exchange Act.

4.7 *Tax Matters*. Parent (a) has elected to be taxed as a REIT under the Code and such election has not been terminated or revoked, (b) has qualified for taxation as a REIT under the Code for the year ended December 31, 2003 and expects to qualify for its current taxable year, and (c) operates, and intends to continue to operate, in a manner so as to qualify as a REIT under the Code. Each Parent Subsidiary which is a partnership or limited liability company or files Tax Returns as a partnership for Federal income tax purposes is either a taxable REIT subsidiary under Code Section 856(l) or has since its acquisition by Parent been classified for Federal income tax purposes as a "partnership" or "disregarded" entity.

4.8 *Litigation*. To the knowledge of Parent, except as set forth in Section 4.8 of the Parent Disclosure Schedule, except for routine litigation arising in the ordinary course of Parent's, Parent LP's and the Merger Sub's business or that is adequately covered by insurance, there is no action, suit or proceeding, claim, arbitration or investigation against Parent, Parent LP or Merger Sub pending or, to Parent's knowledge, threatened in writing, which if adversely determined, (a) would prevent or delay the consummation of the transactions contemplated by this Agreement, or (b) would be reasonably expected to have a material adverse effect on the ability of Parent, Parent LP or Merger Sub to perform their respective obligations under this Agreement.

4.9 *Brokers*. None of Parent, Parent LP or any Parent Subsidiary have entered into any contract, arrangement or understanding with any broker, investment bank, financial advisor, or other Person which may result in the obligation to pay any finder's fees, brokerage, financial advisor's or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or consummation of the Merger, except that Parent LP has retained Deutsche Bank Securities, Inc. to provide the Financing Letter.

4.10 *Parent Information*.

(a) The information supplied or provided by Parent, Parent LP or Merger Sub specifically for inclusion in the Company Information Statement provided to the holders of Company Common Stock or Series A Preferred Stock will not contain any untrue statement of any material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading at the time and in light of the circumstances under which such statement is made, except that no representation is made by Parent, Parent LP or Merger Sub with respect to the information that has been or will be supplied by the Company or Company LP or their respective auditors, attorneys, financial advisors, or other consultants or advisors for inclusion in the Company Information Statement.

(b) The information supplied or provided by Parent, Parent LP and Parent Subsidiaries specifically for inclusion in the Company LP Disclosure Document provided to the holders of Company Common Units and Company Preferred Units will not contain any untrue statement of any material fact, or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not false or misleading at the time and in light of the circumstances under which such statement is made, except that no representation is made by Parent, Parent LP or Merger Sub with respect to the information that has been or will be supplied by the Company or Company LP or their respective auditors, attorneys, financial advisors, or other consultants or advisors for inclusion in the Company LP Disclosure Document.

4.11 *Required Financing*.

(a) Parent, Parent LP and Merger Sub have received a binding financing commitment letter (the "*Financing Letter*"), which, along with Parent LP's existing cash and amounts currently available under existing lines of credit, will provide sufficient funds to (a) pay the aggregate Merger Consideration and the aggregate Partnership Cash Consideration pursuant to Section 2.1 payable to the Electing Holders in connection with Partnership Merger (as contemplated by Section 6.9 hereof), (b) to the extent necessary, repay or refinance the outstanding Indebtedness of the Company, Company LP and the Company Subsidiaries, and (c) pay any and all fees and expenses in connection with the Merger and other transactions contemplated by this Agreement or the financing thereof (the "*Closing Obligations*"). Notwithstanding anything in this Agreement to the contrary, at the Closing, Parent LP will have sufficient funds in immediately available cash to satisfy the Closing Obligations, regardless of whether the conditions to the obligation of the counterparty in the Financing Letter have been satisfied or such counterparty has breached its obligations thereunder.

(b) Without prejudice to the fact that this Agreement does not provide for any financing condition or contingency, Parent, Parent LP and Merger Sub have provided to the Company a true, complete and correct copy of the Financing Letter (including all exhibits thereto), and all amendments thereto, executed by the lender (the "*Lender*"). Parent, Parent LP and Merger Sub will provide to the Company any amendments to the Financing Letter, or any notices given in connection therewith, as promptly as possible (but in any event within twenty-four (24) hours).

4.12 *Definition of Parent's Knowledge*. As used in this Agreement, the phrase "to the knowledge of Parent" or any similar phrase means with respect to Parent (or any Parent Subsidiary) the actual (and not the constructive or imputed) knowledge of those individuals identified in Section 4.12 of the Parent Disclosure Schedule.

4.13 *No Other Representations or Warranties*. Except for the representations and warranties made by Parent, Parent LP and Merger Sub in this Article IV, Parent, Parent LP and Merger Sub make no representations or warranties, and Parent, Parent LP and Merger Sub hereby disclaim any other representations or warranties, with respect to Parent, Parent LP, Merger Sub, Parent Subsidiaries, or its or their businesses, operations, assets, liabilities, condition (financial or otherwise) or prospects or the negotiation, execution, delivery or performance of this Agreement by Parent, Parent LP and Merger Sub, notwithstanding the delivery or disclosure to Company or Company LP or their respective Affiliates or representatives of any documentation or other information with respect to any one or more of the foregoing.

ARTICLE V
CONDUCT OF BUSINESS PENDING MERGER

5.1 *Conduct of Business by the Company*. Except for matters set forth on Section 5.1 of the Company Disclosure Schedule or as contemplated by this Agreement, from the date of this Agreement through the Effective Time, the Company shall use its commercially reasonable efforts, and shall cause Company LP and each Company Subsidiary to use its commercially reasonable efforts, to carry on each of their respective businesses in the usual, regular and ordinary course, consistent with past practice, and use each of their commercially reasonable efforts to preserve their respective current business organizations, keep available the services of their respective current officers and employees and maintain their respective relationships with customers, suppliers and others having business dealings with them. Without limiting the generality of the foregoing, neither the Company nor any of the Company Subsidiaries will (except as expressly permitted by this Agreement or as contemplated by the transactions contemplated hereby, as set forth in Section 5.1 of the Company Disclosure Schedule, or to the extent that Parent LP shall otherwise consent in writing (it being understood that Parent LP shall respond within ten (10) Business Days to the Company's communications soliciting such consent from Parent LP, and that if Parent LP fails to respond within such period, its consent shall be deemed to have been provided)):

(a) Except in connection with the contribution of general partner interests contemplated by Section 6.9(g) hereof, authorize for issuance, issue or sell or agree or commit to issue or sell (whether through the issuance or granting of options, warrants, commitments, subscriptions, rights to purchase or otherwise) any stock of any class or any other securities or equity equivalents (including, without limitation, stock appreciation rights) except for the (i) issuance of shares of Company Common Stock upon the conversion of outstanding Series A Preferred Stock, (ii) issuance of Company Common Stock in exchange for Company Common Units pursuant to the Company Partnership Agreement, (iii) issuance of Series A Preferred Stock in exchange for Company Preferred Units pursuant to the Company Partnership Agreement, or (iv) issuance of Company Common Units upon the conversion of Company Preferred Units pursuant to the Company Partnership Agreement;

(b) acquire or agree to acquire (i) by merging or consolidating with, or by purchasing all or substantially all of the assets of, or equity interests in, or by any other manner, any business or any corporation, partnership, joint venture or other business entity or (ii) any asset, including real estate, in each case other than purchases in the ordinary course of business or pursuant to any contractual requirement existing on the date hereof;

(c) except for the Excluded Properties or in the ordinary course of business in an amount not involving more than $200,000 individually or $2,000,000 in the aggregate, sell, transfer or dispose of any Company Property or asset which is material to the Company or any of the Company

Subsidiaries, except pursuant to obligations in effect on the date hereof, *provided* that such transaction is consummated in accordance in all material respects with the provisions of such obligations, including but not limited to such sale price, and all proceeds remain in the Company or one of the Company Subsidiaries and are not distributed pursuant to Section 1.7;

(d) enter into or modify in any material respect any lease demising more than 15,000 square feet or any Anchor Store Agreement;

(e) other than in the ordinary course of business, waive, release or assign any material rights or claims under any Material Contract to which the Company or any Company Subsidiary is a party;

(f) amend, modify or terminate any Material Contract except in the ordinary course of business consistent with past practice or as otherwise contemplated by this Agreement;

(g) except in the ordinary course of business pursuant to credit facilities in existence as of the date hereof, incur any amount of indebtedness for borrowed money, guarantee any indebtedness, issue or sell debt securities, make any loans, advances or capital contributions, mortgage, pledge or otherwise encumber any material asset, or create or suffer any material lien thereupon, in excess of $1,000,000 individually, or in excess of $2,000,000 in the aggregate;

(h) modify, amend or alter any existing credit facilities in a manner materially adverse to the Company, or increase the amount that can be borrowed under any construction loan, the obligations with respect to which will remain with the Company or any Company Subsidiary after the Closing Date;

(i) except pursuant to any mandatory payments under any credit facilities in existence on the date hereof, pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than any payment, discharge or satisfaction in the ordinary course of business;

(j) change any of the accounting principles, policies or practices used by it (except as required by a change in GAAP or by a Governmental Entity, in which case written notice shall be provided to Parent LP);

(k) except as required pursuant to existing, binding agreements in effect prior to the date of this Agreement, or as otherwise required by law, (i) enter into, adopt, materially increase benefits under, materially amend or terminate any Employee Program, (ii) enter into, adopt, materially amend or terminate any agreement, arrangement, plan or policy between the Company or any of the Company Subsidiaries and one or more of their directors or executive officers, or (iii) except for normal increases in the ordinary course of business consistent with past practice, increase in any material manner the compensation of any non-executive officer or employee or pay any material benefit not required by any Employee Program or arrangement as in effect as of the date hereof;

(l) grant to any officer, director or employee the right to receive any new severance, change of control or termination pay or termination benefits, grant any material increase in the right to receive any severance, change of control or termination pay or termination benefits or enter into any new employment, loan, retention, consulting, indemnification, termination, change of control, severance or similar agreement with any officer, director or employee other than the grant of compensation and fringe benefits to any non-executive officer or employee hired after the date of this Agreement; *provided*, *however*; that the Company may accelerate the vesting and/or the payment of any existing benefits or awards and/or make any amendments to existing benefits, agreements or awards in order to facilitate such accelerated vesting and/or payments required by the transactions contemplated herein;

(m) except to the extent required to comply with its obligations hereunder, including any actions to satisfy the conditions set forth in Section 7.2 or with applicable law, amend or incur any obligation to amend the Company Organizational Documents or any organizational documents of any Company Subsidiary;

(n) except to the extent required to comply with its obligations hereunder, adopt a plan of complete or partial liquidation or resolutions providing for or authorizing such a liquidation or a dissolution, merger, consolidation, restructuring, recapitalization or reorganization relating to the Company, Company LP or any Company Subsidiary;

(o) settle or compromise any litigation (whether or not commenced prior to the date of this Agreement) other than settlements or compromises for litigation where the amount paid (after giving effect to insurance proceeds actually received or paid) in settlement or compromise does not exceed $250,000 and other than as contemplated in Section 5.1(z);

(p) amend any term of any outstanding security of the Company or any Company Subsidiary;

(q) authorize, commit to or make any equipment purchases or capital expenditures other than in the ordinary course of business;

(r) fail to use commercially reasonable efforts to maintain in full force and effect insurance coverage for the Company Properties substantially similar to the insurance coverage maintained on the date hereof;

(s) incur any material contingent liability as a guarantor or otherwise with respect to the obligations of others, or incur any other material contingent or fixed obligations or liabilities, other than in the ordinary course of business;

(t) except to the extent required to comply with its obligations hereunder related to the transfer of the Excluded Properties, assign, transfer, convey or grant an Encumbrance, other than in connection with the Excluded Properties, on any equity held by the Company or any of the Company Subsidiaries in any other Company Subsidiary;

(u) execute or otherwise enter into any construction or development agreement requiring a payment in excess of $200,000, except for agreements related to the expansion project at Tysons Corner Mall provided that the payments thereunder are consistent with the current construction budget;

(v) use the proceeds of any construction loan for any purpose other than the construction of the applicable Company Property under development, or for tenant allowances for such Company Property;

(w) agree to any imposition of any Encumbrance on any of the Company LP Units;

(x) take any affirmative action, or affirmatively fail to take any action, necessary to maintain in all material respects all material permits, licenses and authorizations required by applicable law for the operation of the Company, the Company Subsidiaries and the Company Properties as currently operated;

(y) take any action that would materially and adversely affect the goodwill of any suppliers or customers of the Company or the Company Subsidiaries;

(z) (A) settle or compromise any material Tax liability or waive or extend the statute of limitations with respect to any Taxes of the Company, Company LP or any Company Subsidiary, (B) take or omit to take any action that could cause the termination or revocation of the Company's REIT status or the status of any Company Subsidiary as a partnership for federal, state and local income tax purposes, (C) except for the Ruling described in Section 7.2(g), make or rescind any material election relating to Taxes of the Company, Company LP or any Company Subsidiary, unless such election is necessary to preserve the Company's REIT qualification and the Company has satisfied its obligations under Section 6.8(e) or (D) enter into, amend or supplement, or permit Company LP or any Company Subsidiary to enter into, amend or supplement, any Tax sharing or indemnification agreement; or

(aa) agree or make any commitment (i) to take any of the foregoing actions prohibited by this Section 5.1 or (ii) that would prohibit, delay, restrict or interfere with the consummation of the Merger or the other transactions contemplated hereby.

5.2 *Conduct of Business by Parent*. Except for matters expressly permitted by this Agreement, from the date of this Agreement through the Effective Time, neither Parent nor any of the Parent Subsidiaries will take any action to that would prohibit, delay, restrict or interfere with the consummation of the Merger or the other transactions contemplated hereby, including the obtaining of the financing necessary for the consummation of the Merger and the transactions contemplated by this Agreement.

ARTICLE VI
COVENANTS

6.1 *Access to Information; Confidentiality*.

(a) From the date hereof and through the Effective Time, the Company shall, and shall cause each of the Company Subsidiaries and each of the Company's and Company Subsidiaries' officers, employees, auditors and agents to, afford to Parent and Parent LP and to the respective officers, employees and agents of Parent and Parent LP access upon reasonable advance notice and at reasonable times without undue interruption to (i) their properties, books, records and contracts; *provided*, *however*, that Parent and Parent LP shall obtain the Company's consent, which consent shall not be unreasonably withheld, prior to any visit to any Company Property; (ii) the officers and key employees of the Company and the Company Subsidiaries; *provided*, *however*, that Parent and Parent LP shall obtain the Company's consent, which consent shall not be unreasonably withheld, prior to accessing any non-executive officer or key employee; and (iii) the auditors of the Company's Financial Statements. The Company shall furnish Parent and Parent LP (A) monthly financial statements prepared in the ordinary course of business of Company LP consistent with past practice, (B) such operating and other data and information as Parent and Parent LP may reasonably request to the extent such data or information is reasonably available (which data shall include financial statements for the fiscal year ended December 31, 2004 prepared in accordance with GAAP on substantially the same basis as the Financial Statements), and (C) any additional financial statements that may be required by Parent LP or its Affiliates to comply with the reporting requirements of the SEC under Regulation S-K or S-X. The Company shall cause its independent public accountants to cooperate in providing any opinion with respect to the Financial Statements and any additional audited financial statements that Parent LP may require for such purposes.

(b) Subject to the requirements of applicable law and the requirements of any securities exchange on which a party's securities may be listed, and except as may be disclosed in a press release consented to in writing by both parties in accordance with Section 6.5, until the Closing, the parties hereto will, and will instruct each of their respective Affiliates, associates, partners, employees, directors, officers, agents, counsel, auditors, investment bankers, representatives and advisors (the "*Representatives*") to, (i) hold in strict confidence all such information as confidential or proprietary, (ii) use such information only in connection with the consummation of the transactions contemplated by this Agreement and, (iii) if this Agreement is terminated in accordance with its terms, will deliver promptly to the party initially providing such confidential information (or destroy and certify to such other party the destruction of) all copies of such information (and any copies, compilations or extracts thereof or based thereon) then in their possession or under their control. Each party hereto agrees that money damages would not be a sufficient remedy for any breach of this Section 6.1(b) by the other party hereto or any of its Representatives, and that, in addition to all other remedies, such non-breaching party shall be entitled to specific performance and injunctive or other equitable relief as a remedy for any such breach, and each such party further agrees to waive and to use its best efforts to cause its Representatives to waive, any requirement for the securing or posting of any bond in connection with any such remedy. Each party agrees to be responsible for any breach of this Section 6.1(b) by any of its Representatives. Nothing contained in this Section 6.1(b) shall affect, modify or otherwise limit the respective agreements and other obligations of Parent or Parent LP, on the one hand, and the Company and Company LP, on the other, contained in that certain Confidentiality Agreement dated as of October 21, 2004 (the "*Confidentiality Agreement*"), which Confidentiality Agreement shall remain in full force and effect in accordance with its terms.

6.2 *Other Filings*. As soon as practicable following the date of this Agreement, the Company, Company LP, Parent and Parent LP each shall properly prepare and file any filings required under any federal, state or foreign law relating to the Merger (including filings, if any, required under the HSR Act) (collectively, the "*Other Filings*"). Each of the Company, Company LP, Parent and Parent LP shall promptly notify the other of the receipt of any comments on, or any request for amendments or supplements to, any of the Other Filings by any Governmental Entity or official, and each of the Company, Company LP, Parent and Parent LP shall supply the other with copies of all correspondence between it and each of its Subsidiaries and representatives, on the one hand, and any appropriate governmental official, on the other hand, with respect to any of the Other Filings. The Company, Company LP, Parent and Parent LP each shall promptly obtain and furnish the other (a) the information which may be reasonably required in order to make such Other Filings and (b) any additional information which may be requested by a Governmental Entity and which the parties reasonably deem appropriate.

6.3 *Additional Agreements*. Subject to the terms and conditions herein provided, each of the parties hereto agrees to use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to consummate and make effective as promptly as practicable the Merger and the other transactions contemplated hereby and to cooperate with each other in connection with the foregoing, including the taking of such actions as are necessary to obtain those consents, approvals, orders, exemptions and authorizations by or from any public or private third party listed in Section 7.2(e) of the Company Disclosure Schedule, to effect all necessary registrations and Other Filings and submissions of information requested by a Governmental Entity, and to use its reasonable best efforts to cause to be lifted or rescinded any injunction or restraining order or other order adversely affecting the ability of the parties to consummate the Merger and the other transactions contemplated hereby. For purposes of this Section 6.3, the obligations of the Company, Company LP, Parent and Parent LP to use their "reasonable best efforts" to obtain waivers, consents and approvals to loan agreements, leases and other contracts shall include an obligation to agree to an adverse modification of the terms of such documents or to prepay or incur additional obligations to such other parties.

6.4 *No Solicitations*. Immediately after the execution of this Agreement, the Company and Company LP will terminate and cease any ongoing discussions or negotiations with any Third Party relating to, or that are intended by the Company or Company LP to lead to, an Acquisition Proposal. The Company and Company LP shall not, and shall not authorize or permit any of its officers, directors or employees or any investment banker, financial advisor, attorney, accountant or other representative retained by it, to, directly or indirectly (a) solicit, initiate, knowingly encourage or otherwise knowingly facilitate, any inquiries or the making or implementation of any proposal or offer (or provide any information that would facilitate any such proposal or offer), with respect to an Acquisition Proposal, or the making of any proposal that constitutes an Acquisition Proposal, or (b) participate in any negotiations or enter into any agreement regarding an Acquisition Proposal. Upon receiving any such inquiry, proposal or offer, or any request for information, the Company shall promptly (but in any event within forty eight (48) hours) notify Parent LP. To the extent that it has not already done so, the Company shall request that any confidential information provided to a Third Party with respect to an Acquisition Proposal within the twelve month period prior to the date of this Agreement be returned or destroyed.

6.5 *Public Announcements*. The Company and Parent and Parent LP shall consult with each other before issuing any press release or otherwise making any public statements with respect to this Agreement, the Merger or any of the transactions contemplated pursuant to this Agreement and shall not issue any such press release or make any such public statement without the prior consent of the other party, which consent shall not be unreasonably withheld; provided, however, that a party may, without the prior consent of the other party, issue such press release or make such public statement to the extent that such party reasonably determines, after consultation with outside legal counsel, such action to be required by law or the applicable rules of any stock exchange or quotation system if the party issuing such press release or making such public statement has used its reasonable best efforts to consult with the other party a reasonable time in advance of such issuance and to obtain such party's consent but has been unable to do so in a timely manner.

6.6 *Employee Benefit Arrangements*.

(a) On and after the Effective Time, Parent shall, and shall cause Parent LP or the Surviving Corporation to, assume and honor in accordance with their terms all leasing commissions, employment agreements, severance agreements, retention bonus agreements and bonus agreements, and all bonus, retention and severance obligations, of the Company or any Company Subsidiary, and the Company, Parent or Parent LP shall pay on the Closing Date or after the Closing Date when due to the applicable officers and employees of the Company or any Company Subsidiary any amounts with respect to such agreements and obligations that are payable by their terms on the Closing Date, upon consummation of the Merger, the Effective Time, or after the Closing Date when due. Company represents that all of such agreements and obligations have been set forth in Section 6.6(a) of the Company Disclosure Schedule; *provided*, *however*, that the leasing commissions shall accelerate and shall be paid prior to Closing.

(b) Following the Effective Time, Parent and Parent LP shall cause the Surviving Corporation to provide compensation and employee benefits to the employees of the Company and the Company Subsidiaries who remain employed by Parent or the Parent Subsidiaries after the Effective Time (the "*Company Employees*") for such period of time as determined by Parent and Parent LP with the lesser of (i) at least the types and levels of employee benefits (including contribution levels) maintained from time to time by Parent, Parent LP or the Surviving Corporation for similarly-situated employees of Parent, Parent LP or the Surviving Corporation, (ii) at least the types and levels of employee benefits (including contribution levels) maintained from time to time by Company and the Company Subsidiaries for such employees, or (iii) some combination of the foregoing. Parent and Parent LP shall, and shall cause the Surviving Corporation to, treat, and cause the applicable benefit plans to treat, the service of Company Employees with the Company or the Company Subsidiaries attributable to any period before the Effective Time as service rendered to Parent, Parent LP or the Surviving Corporation (to the same extent as service with Parent, Parent LP or the Surviving Corporation is taken into account with respect to similarly situated employees of Parent, Parent LP or the Surviving Corporation) for purposes of eligibility to participate, vesting, paid time off accruals, and severance benefits, but not for purposes of determining the amount of benefits under any defined benefit plan. Without limiting the foregoing and subject to the next sentence, Parent and Parent LP shall not, and shall cause the Surviving Corporation to not, treat any Company Employee as a "new" employee for purposes of any exclusions under any health or similar plan of Parent, Parent LP or the Surviving Corporation for a pre-existing medical condition, and any deductibles and co-pays paid under any of the Company's or any of the Company Subsidiaries' health plans shall be credited towards deductibles and co-pays under the health plans of Parent, Parent LP or the Surviving Corporation. Parent and Parent LP shall use commercially reasonable efforts, and shall cause the Surviving Corporation to use commercially reasonable efforts, to make appropriate arrangements with its insurance carrier(s) to ensure such results.

(c) After the Effective Time, Parent and Parent LP shall cause the Surviving Corporation to honor all obligations which accrued prior to the Effective Time under the Company's supplemental retirement plans, management incentive plans, performance bonus plans and long-range incentive plans. Company represents that all of such agreements and obligations have been set forth in Section 6.6(c) of the Company Disclosure Schedule, and that all such accrued amounts have been reflected on the Company's balance sheet.

(d) Prior to the Effective Time, the Company shall cease to be the sponsor of (and on or after the Effective Time the sponsor shall be an entity that is not required to be aggregated with the Surviving Corporation under Code Sections 414(b), (c), (m) or (o)) the Wilmorite Property Management 401(k) Plan and shall fully and immediately vest participants in such plan to the extent required by Section 411(d)(3) of the Code. Parent shall cause a defined contribution plan that is intended to satisfy the requirements of Section 401(a) of the Code, and of which Parent or an Affiliate of Parent is the plan sponsor, to accept, if and to the extent so elected by each applicable Company Employee, a rollover (whether direct or indirect) of the account balances (including participant loans) of the Company Employees from the Wilmorite Property Management 401(k) Plan; *provided*, *however*, that (i) each electing Company Employee shall elect a rollover no later than 60 days after the date on which he or she receives the distribution of his or her account balance under the Wilmorite Property Management 401(k) Plan, (ii) all aspects of each rollover satisfy the requirements of Section 401(a)(31) of the Code, are consistent with the terms of such recipient defined contribution plan as in effect immediately prior to the Closing Date, and are effectuated in accordance with the established administrative practices and procedures of such plan, and (iii) under no circumstances shall any such rollover include any amount attributable to employee after-tax contributions or amounts otherwise not includible in taxable income.

(e) Nothing in this Section 6.6 shall create any third party beneficiary rights in any employee or former employee (including any beneficiary or dependent thereof) of the Company, Company LP or any Company Subsidiary in respect of continued employment (or resumed employment) for any specified period of any nature or kind whatsoever.

6.7 *Officers' and Directors' Indemnification*.

(a) In the event of any threatened or actual claim, action, suit, proceeding or investigation, whether civil, criminal or administrative, including, without limitation, any such claim, action, suit, proceeding or investigation in which any person who is now, or has been at any time prior to the date hereof, or who becomes prior to the Effective Time, a director, officer, employee, fiduciary or agent of the Company or any of the Company Subsidiaries (each, an "*Indemnified Party*" and collectively, the "*Indemnified Parties*") is, or is threatened to be, made a party based in whole or in part on, or arising in whole or in part out of, or pertaining to (i) the fact that he or she is or was a director or officer, of the Company or any of the Company Subsidiaries, or is or was serving at the request of the Company or any of the Company Subsidiaries as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, or (ii) the negotiation, execution or performance of this Agreement, any agreement or document contemplated hereby or delivered in connection herewith, or any of the transactions contemplated hereby or thereby, whether in any case asserted or arising before or after the Effective Time, the parties hereto agree to cooperate and use their reasonable best efforts to defend against such claim, action, suit, demand, proceeding or investigation and respond thereto. It is understood and agreed that the Company shall indemnify and hold harmless, and after the Effective Time, the Surviving Corporation, Parent and Parent LP shall indemnify and hold harmless, as and to the full extent permitted by applicable law, each Indemnified Party against any losses, claims, damages, liabilities, costs, expenses (including reasonable attorneys' fees and expenses), judgments, fines and amounts paid in settlement in connection with any such threatened or actual claim, action, suit, demand, proceeding or investigation, and in the event of any such threatened or actual claim, action, suit, demand, proceeding or investigation (whether asserted or arising before or after the Effective Time), (A) the Company, and the Surviving Corporation and Parent after the Effective Time, shall promptly pay out-of-pocket expenses in advance of the final disposition of any claim, action, suit, demand, proceeding or investigation to each Indemnified Party to the fullest extent permitted by law, subject only to the provision of undertakings required for such advancement under applicable law, (B) the Indemnified Parties may retain counsel satisfactory to them, and the Company, Parent and the Surviving Corporation shall pay all reasonable fees and expenses of such counsel for the Indemnified Parties within thirty (30) days after statements therefor are received, and (C) the Company, Parent and the Surviving Corporation will use their respective reasonable best efforts to assist in the defense of any such matter; *provided*, *however*, that none of the Company, the Surviving Corporation or Parent shall be liable for any settlement effected without its prior written consent (which consent shall not be unreasonably withheld or delayed); and *provided further* that the Company, the Surviving Corporation and Parent shall have no obligation hereunder to any Indemnified Party when and if a court of competent jurisdiction shall ultimately determine, and such determination shall have become final and non-appealable, that indemnification by such entities of such Indemnified Party in the manner contemplated hereby is prohibited by applicable law. Any Indemnified Party wishing to claim indemnification under this Section 6.7, upon learning of any such claim, action, suit, demand, proceeding or investigation, shall promptly notify the Company and, after the Effective Time, the Surviving Corporation and Parent thereof; *provided* that the failure to so notify shall not affect the obligations of the Company, the Surviving Corporation and Parent except to the extent, if any, such failure to promptly notify materially prejudices such party.

(b) Parent and Parent LP each agree to honor and to continue in full force and effect all rights to indemnification or exculpation existing in favor of, and all limitations on the personal liability of, each present and former director, officer, employee, fiduciary and agent of the Company, Company LP and the Company Subsidiaries provided for in the respective charters or bylaws (or other applicable organizational documents) or otherwise in effect as of the date hereof with respect to matters occurring prior to and through the Effective Time, and specifically including the transactions contemplated hereby, for a period of six (6) years from the Effective Time; *provided*, *however*, that all rights to indemnification in respect of any claims (each a "*Claim*") asserted or made within such period shall continue until the disposition of such Claim.

(c) Prior to the Effective Time, the Company shall purchase a non-cancelable extended reporting period endorsement under the Company's existing directors' and officers' liability insurance coverage for the Company's directors and officers in the same form as presently maintained by the Company, which shall provide such directors and officers with coverage for six (6) years following the Effective Time of not less than the existing coverage under, and have other terms not less favorable to, the insured persons than the directors' and officers' liability insurance coverage presently maintained by the Company, so long as the aggregate cost is less than $1,500,000 (the "*Premium Limit*"). In the event that the Premium Limit is insufficient for such coverage, the Company may enter into an agreement to spend up to that amount to purchase such lesser coverage as may be obtained with such amount. Parent shall, and shall cause the Surviving Corporation to, maintain such policy in full force and effect, and to continue to honor the obligations hereunder.

(d) The obligations under this Section 6.7 shall not be terminated or modified in such a manner as to adversely affect any indemnitee to whom this Section 6.7 applies without the consent of such affected indemnitee (it being expressly agreed that the indemnitees to whom this Section 6.7 applies shall be third party beneficiaries of this Section 6.7 and shall be entitled to enforce the covenants contained herein). The covenant contained in this Section 6.7 is expressly intended to be for the benefit of, and shall be enforceable by, each of the indemnitees to whom this Section 6.7 applies, as well as their respective heirs, successors, executors, administrators and assigns. The indemnification provided for herein shall not be deemed exclusive of any other rights to which an indemnitee may be entitled, whether pursuant to law, contract or otherwise.

(e) In the event Parent, Parent LP or the Surviving Corporation or any of their respective successors or assigns (i) consolidates with or merges into any other Person and shall not be the continuing or surviving corporation or entity of such consolidation or merger, or (ii) transfers or conveys all or substantially all of its properties and assets to any one or more Persons in one or a series of related transactions, then, and in each such case, to the extent necessary, proper provision shall be made so that the successors and assigns of Parent, Parent LP or the Surviving Corporation (or, if applicable, any of their respective successors or assigns) as the case may be, assume the obligations set forth in this Section 6.7.

6.8 *Certain Tax Matters*.

(a) Notwithstanding anything to the contrary herein, the Company shall take all actions, and refrain from taking all actions, as are necessary to ensure that the Company will qualify for taxation as a REIT for U.S. federal income tax purposes and operate in a manner so as to permit it to continue to so qualify, including (i) using its best efforts to obtain the Ruling, and (ii) properly filing the Election within the period specified in the Ruling therefor.

(b) The parties shall treat the Merger for all income tax purposes as a taxable purchase of the Company Common Stock and Series A Preferred Stock from the holders of record thereof by Parent LP in exchange for the Merger Consideration, and no party shall take any position inconsistent with such treatment. The parties shall treat the payment of the Additional Consideration for all income tax purposes in a manner consistent with its treatment for such purposes as integrated with the Merger and as a redemption of a number of shares of Company Common Stock and Series A Preferred Stock equal in value to the aggregate amount of Additional Consideration distributed.

(c) Parent shall, with the Company's good faith cooperation and assistance, prepare, execute and file, or cause to be prepared, executed and filed, all returns, questionnaires, applications or other documents regarding any real property transfer or gains, sales, use, transfer, value added stock transfer and stamp Taxes, any transfer, recording, registration and other fees and any similar Taxes which become payable in connection with the transactions contemplated by this Agreement (together, with any related interest, penalties or additions to Tax, "*Transfer and Gains Taxes*"). From and after the Effective Time, Parent shall pay or cause to be paid all Transfer and Gains Taxes without deductions withheld from any amounts payable to the holders of the Company Common Stock and Series A Preferred Stock.

(d) The Company shall, and shall cause Company LP and each Company Subsidiary to (i) (A) prepare all material Tax Returns that are required to be filed by the Company, the Company LP and the Company Subsidiaries prior to the Closing Date (after giving effect to any extensions) ("*Post Signing Returns*"), (B) furnish the Post Signing Returns to Parent for review and comment at least thirty (30) days before the due date for such Tax Returns (after giving effect to any extensions), and (C) file such Tax Returns after receiving approval from Parent, which approval shall not be unreasonably withheld or delayed (ii) timely pay all Taxes due and payable by the Company, Company LP or any of the Company Subsidiaries in respect of such Post-Signing Returns that are so filed, other than those being contested in good faith for which appropriate reserves have been made; (iii) accrue a reserve in the books and records and financial statements of the Company in accordance with past practice for all projected Taxes payable by the Company for which no Post Signing Return is due prior to the Effective Time; and (iv) promptly notify Parent of any suit, claim, action, investigation, proceeding or audit (collectively, "*Actions*") pending against or with respect to the Company, Company LP or any Company Subsidiary in respect of any Tax and not settle or compromise any such Action without Parent's prior written consent.

(e) If, prior to the Closing Date, the Company, Company LP or any Company Subsidiary seeks any closing agreement with or private letter ruling from, the IRS (including, without limitation, the Ruling), the Company shall (i) consult with Parent regarding the application for and negotiation of such closing agreement or ruling request, (ii) use commercially reasonable efforts to permit Parent's designated counsel to attend meetings or telephone calls with the IRS scheduled by the IRS or the Company (or the Company's counsel) regarding any such closing agreement or ruling request, and (iii) provide Parent with copies of, and the right to comment on, any written materials regarding such closing agreement or ruling request prior to submission to the IRS.

(f) Company LP (and any Company Subsidiary treated as a partnership for tax purposes) shall, at the sole discretion of Parent, make an election under Section 754 of the Code any other similar provision of state, local or foreign law.

(g) The Company and Company LP shall, with Parent's good faith cooperation and assistance, take any such action necessary to assign any New York State Empire Zone Tax Credits of the Company and/or Company LP that have accrued prior to the Closing to an entity designated by the Company.

(h) Prior to Closing, the Company and Company LP shall in good faith attempt to settle that certain New York State sales tax audit currently pending with respect to certain charges made by Wilmorite Property Management, LLC to affiliates of the Company and Company LP subject to Section 6.8(h) of the Company Disclosure Schedule.

6.9 *Company LP Matters*.

(a) In the Partnership Merger, each Company LP Unit held by a Company Limited Partner other than the Company, shall, be cancelled and in consideration therefor, each Company Limited Partner will receive cash in an amount equal to the Partnership Cash Consideration, provided that upon the receipt of such Company Limited Partner's consent and approval of the Amended and Restated Company Partnership Agreement, each such Company Limited Partner may elect to receive, in lieu of cash, (A) that number of Class A Convertible Preferred Units in Company LP (the "*Convertible Preferred Units*") determined by dividing the Partnership Cash Consideration by $62.39 (as adjusted in accordance with Section 6.9(b) below), or (B) that number of Common Units in Company LP, determined by dividing the Partnership Cash Consideration by $62.39 (as adjusted in accordance with Section 6.9(b) below). In addition, each Company Limited Partner who elects to receive Convertible Preferred Units in the Partnership Merger shall be provided with an opportunity to elect to participate in a redemption right with respect to the Rochester Portfolio, as further described in the Amended and Restated Company Partnership Agreement (the "*Rochester Redemption Right*"). Such Company Limited Partners may elect to participate in the Rochester Redemption Right with respect to an aggregate amount of Convertible Preferred Units (the "*Participating Unit Limit*") determined pursuant to the following formula (A) (x) $425,684,631 *less* (y) the aggregate amount of indebtedness outstanding and secured by the Rochester Portfolio as of the Closing Date or a pro rata share thereof with respect to any property that is not wholly-owned (such debt amount certified by the Company and Company LP to Parent ten (10) Business Days prior to Closing and agreed upon by the parties hereto in accordance with the provisions of Section 1.1(b)) *divided by* (B) $62.39. In the event that the election to participate is made with respect to more Convertible Preferred Units than the Participating Unit Limit, then such elections shall be cut back pro rata. In the event that the election to participate is made with respect to fewer Convertible Preferred Units than the Participating Unit Limit, then the parties shall cooperate in good faith to permit the holders of Convertible Preferred Units who have elected to participate in the Rochester Redemption Right to develop and implement an alternative strategy pursuant to which they shall have a sufficient number of Convertible Preferred Units to effect the Rochester Redemption Right, including, without limitation, allowing electing unit holders to purchase additional Convertible Preferred Units for cash at the Class A Liquidation Preference per unit or allowing Company LP to increase the indebtedness of the limited liability company formed prior to Closing by Company LP for the purpose of holding, directly or indirectly, the Rochester Portfolio (such entity is herein referred to as "*Rochester Properties, LLC*"), in an amount sufficient to effect the Rochester Redemption Right for an amount equal to the aggregate value of the Convertible Preferred Units as of Closing issued to those Company Limited Partners that elected to participate in the Rochester Redemption Right.

(b) If prior to the Effective Time, Parent should split, combine or otherwise reclassify shares of common stock, par value $0.01 per share, of Parent (the "*Parent Common Stock*"), or pay a stock dividend or other stock distribution in Parent Common Stock or otherwise change the Parent Common Stock into any other securities, or make any other such stock dividend or distribution in capital stock of Parent in respect of the Parent Common Stock, then any amount contained herein which is based upon the number of shares of Parent Common Stock will be appropriately adjusted to reflect such split, combination, dividend or other distribution or change.

(c) In the event that any Company Limited Partner fails to make a timely election in accordance with the Company LP Disclosure Document, the Company LP Units held by such Company Limited Partner shall, in the Partnership Merger, be cancelled and in consideration therefor, each Company Limited Partner will receive cash in an amount equal to the Partnership Cash Consideration in exchange for each Company LP Unit held by such Company Limited Partner.

(d) As soon as practicable following the date of this Agreement, Company LP shall distribute the Company LP Disclosure Document.

(e) The Company, Company LP, Parent and Parent LP further agree that they will cooperate with each other in connection with the determination of reasonable procedures relating to, and the preparation of all documents for, the Partnership Merger.

(f) The obligation of Parent, Parent LP and Company LP to consummate the Partnership Merger shall be conditioned upon, and shall be subject to, the concurrent Closing of the Merger as provided in this Agreement. The obligation of Parent and Company to close the Merger shall be conditioned upon, and shall be subject to, the concurrent consummation of the Partnership Merger as provided in this Agreement.

(g) The general partner interests in The Marketplace and Pittsford Plaza Company, L.P. held by Thomas C. Wilmot, Sr. or an affiliate thereof shall be assigned to Rochester Properties, LLC in exchange for Company LP Units.

(h) Parent, Parent LP, Merger Sub, the Company and Company LP agree to use their reasonable best efforts to take all actions necessary and advisable to effect the foregoing.

6.10 *Required Financing*. Each of Parent, Parent LP and Merger Sub hereby agrees to use its best efforts to arrange the financing in respect of the Merger and the transactions contemplated hereby and to satisfy the conditions set forth in the Financing Letter. Parent, Parent LP and Merger Sub shall keep the Company informed of the status of their financing arrangements for the Merger and the transactions contemplated hereby, including providing notification to the Company as promptly as possible (but in any event within twenty-four (24) hours) (a) that the Lender may be unable to provide the financing as contemplated by the Financing Letter, or (b) concerning the inability of Parent, Parent LP and Merger Sub to satisfy any of the conditions set forth in the Financing Letter. Parent or Parent LP shall provide written notice to the Company within twenty-four (24) hours after the Lender has given notice to Parent, Parent LP or Merger Sub that such Lender will be unable to provide the financing contemplated by the Financing Letter.

6.11 *Consent and Voting Agreements*. The Company and Company LP shall deliver or cause to be delivered to Parent, concurrently with the execution of this Agreement, from each Person listed in Section 6.11 of the Company Disclosure Schedule, an executed Consent and Voting Agreement, agreeing, among other things, to vote in favor of this Agreement, the Merger, the Amended and Restated Company Partnership Agreement and the other transactions contemplated hereby, and such Consent and Voting Agreement shall have been delivered as of the date hereof.

6.12 *Excluded Properties*. Each of the Company and the applicable Company Subsidiaries agrees to use its best efforts to take all actions necessary to transfer the Excluded Properties prior to the Closing Date to a Person other than the Company, Company LP or any of the Company Subsidiaries.

6.13 *Parent Obligations*. Parent hereby agrees that it will not liquidate the Company until at least one (1) Business Day following the Closing Date.

ARTICLE VII
CONDITIONS TO THE MERGER

7.1 *Conditions to the Obligations of Each Party to Effect the Merger*. The respective obligations of each party to effect the Merger are subject to the satisfaction or waiver by consent of the other parties, where permissible, at or prior to the Effective Time, of each of the following conditions:

(a) *Other Regulatory Approvals*. All material approvals, authorizations and consents of any Governmental Entity required to consummate the Merger and the other transactions contemplated by this Agreement set forth in Section 7.1(b) of the Company Disclosure Schedule to this Agreement shall have been obtained and remain in full force and effect, and all waiting periods relating to such approvals, authorizations and consents shall have expired or been terminated.

(b) *No Injunctions, Orders or Restraints; Illegality*. No preliminary or permanent injunction or other order issued by a court or other Governmental Entity of competent jurisdiction shall be in effect which would have the effect of (i) making the consummation of the Merger or the other transactions contemplated by this Agreement illegal, or (ii) otherwise prohibiting the consummation of the Merger or the other transactions contemplated by this Agreement; *provided*, *however*, that prior to a party asserting this condition such party shall have used its reasonable best efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any such injunction or other order that may be entered.

(c) *Management Agreement*. Rochester Management, LLC ("*Rochester Management, LLC*") shall have entered into Management Agreements with each of Eastview Commons, LLC, the owners of Eastview Commons in Victor, New York; Eastview Mall, LLC, the owner of Eastview Mall in Victor, New York; and Greece Ridge, LLC, the owner of The Mall at Greece Ridge Center in Greece, New York, in the form attached hereto as *Exhibit F*.

7.2 *Additional Conditions to Obligations of Parent, Parent LP and Merger Sub*. The obligations of Parent, Parent LP and Merger Sub to effect the Merger are further subject to the satisfaction of the following conditions, any one or more of which may be waived by Parent or Parent LP at or prior to the Effective Time:

(a) *Representations and Warranties*. Each of the representations and warranties of the Company and Company LP set forth in Article III of this Agreement shall be true and correct (determined without regard to any materiality or material adverse effect qualification contained in any representation or warranty) at and as of the Effective Time, as if made at and as of such time (except to the extent a representation or warranty expressly relates to an earlier date, in which case such representation and warranty shall be true and correct at and as of such time), with only such exceptions which, in the aggregate, would not reasonably be expected to have a Company Material Adverse Effect. Parent and Parent LP shall have received a certificate signed on behalf of the Company by its Chief Executive Officer, Vice President—Finance or Executive Vice President, dated the Closing Date, to the foregoing effect.

(b) *Performance and Obligations of the Company*. The Company shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time, and Parent and Parent LP shall have received a certificate signed on behalf of the Company by its Chief Executive Officer, Vice President—Finance or Executive Vice President, dated as of the Closing Date, to the foregoing effect.

(c) *Opinions*. Parent and Parent LP shall have received the opinion of Harris Beach LLP and Goodwin Procter LLP, dated as of the Closing Date, in such forms as reasonably requested by Parent.

(d) *Tax Opinions*. Parent and Parent LP shall have received the tax opinions of Harris Beach LLP and Goodwin Procter LLP, dated as of the Closing Date, in the forms attached hereto as *Exhibit G-1* and *Exhibit G-2*.

(e) *Consents*. All necessary consents and waivers from third parties set forth in Section 7.2(e) of the Company Disclosure Schedule in connection with the consummation of the Merger and the other transactions contemplated hereby shall have been obtained, other than such consents and waivers from third parties, which, if not obtained, would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(f) *Excluded Properties*. The Company and the applicable Company Subsidiaries shall have transferred the Excluded Properties to a Person other than the Company, Company LP or any of the Company Subsidiaries.

(g) *Ruling and Election*. The Company shall have obtained a private letter ruling from the IRS (the "*Ruling*") permitting a taxable REIT subsidiary election by the Company and Wilmorite Mall Management, Inc. (the "*Election*") to be filed retroactively effective as of March 12, 2004, such Election shall have been properly filed within the period specified in the Ruling therefor, and all requirements of the Ruling shall have been complied with.

(h) *Termination of Contracts with Interested Persons*. The Company shall have terminated, without further liability or obligation to the Company or any Company Subsidiary, all contracts and agreements with Affiliates of the Company except such contracts and agreements listed on Schedule 7.2(h).

(i) *Non-Competition Agreement*. Thomas C. Wilmot, Sr. and Rochester Management, LLC shall each have executed and delivered a non-competition agreement in substantially the form attached hereto as *Exhibit H*.

(j) *Tax Withholding Affidavits*. The Company shall provide all documentation Parent may reasonably request to establish an exemption from the withholding requirements of Section 1445 of the Code, including without limitation an affidavit substantially in the form of *Exhibit I-1* (for stockholders who are individuals) or *Exhibit I-2* (for stockholders who are entities) from each stockholder, if appropriate, of the Company stating under penalty of perjury that such stockholder is not a foreign person and providing such stockholder's U.S. taxpayer identification number.

(k) *Release of Encumbrances*. The Company shall receive, upon repayment of amounts due, executed releases from Ivanhoe Capital L.P. of its security interest covering 58,594.10 shares of Company Common Stock, and each such release shall be in a form reasonably satisfactory to Parent LP, and no other Encumbrances shall exist on any Company Common Stock, Company Preferred Stock, or Company LP Units as of the Closing Date.

(l) *Assignment of Interests*. The general partner interests in The Marketplace and Pittsford Plaza Company, L.P. held by Thomas C. Wilmot, Sr. or an affiliate thereof shall have been assigned to Rochester Properties, LLC free and clear of any Encumbrances.

(m) *Management Agreements*. The management agreements currently in effect relating to the management of Marketplace Mall and Pittsford Plaza shall be assigned by Wilmorite Property Management, LLC to Rochester Management, LLC.

7.3 *Additional Conditions to Obligations of the Company*. The obligation of the Company to effect the Merger is further subject to the satisfaction of the following conditions, any one or more of which may be waived by the Company at or prior to the Effective Time:

(a) *Representations and Warranties*. Each of the representations and warranties of Parent, Parent LP and Merger Sub set forth in this Agreement shall be true and correct (determined without regard to any materiality or material adverse effect qualification contained in any representation or warranty) at and as of the Effective Time, as if made at and as of such time (except to the extent a representation or warranty expressly relates to an earlier date, in which case such representation and warranty shall be true and correct at and as of such time), with only such exceptions which, in the aggregate, would not reasonably be expected to have a Parent Material Adverse Effect. The Company and Company LP shall have received a certificate signed on behalf of Parent by its Chief Financial Officer, dated the Closing Date, to the foregoing effect.

(b) *Performance of Obligations of Parent, Parent LP and Merger Sub*. Each of Parent, Parent LP and Merger Sub shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Effective Time, and the Company shall have received a certificate signed on behalf of Parent by its Chief Financial Officer, dated as of the Closing Date, to the foregoing effect.

(c) *Opinion*. The Company shall have received the opinion of O'Melveny & Myers LLP, dated as of the Closing Date, in the form as reasonably requested by the Company.

(d) *Tax Opinion*. The Company shall have received the tax opinion of O'Melveny & Myers LLP, dated as of the Closing Date, in the form attached hereto as *Exhibit J*.

(e) *Registration Rights Agreement*. Parent and Parent LP shall have executed and delivered that certain Registration Rights Agreement in the form attached hereto as *Exhibit K*.

(f) *Financing*. On the Closing Date, Parent LP shall have sufficient funds in immediately available cash necessary to (i) satisfy any and all of Parent LP's and Merger Sub's obligations arising under or out of this Agreement, including the payment of the Final Offer Consideration, (ii) to the extent necessary, repay or refinance outstanding Indebtedness of the Company, Company LP and the Company Subsidiaries listed in Section 1.1(b) of the Company Disclosure

Schedule, and (iii) pay any and all fees and expenses in connection with the Merger and the other transactions contemplated by this Agreement or the financing.

(g) *Other Transactions*. All of the conditions to closing pursuant to the Contribution Agreement (other than the consummation of the Merger) shall have been satisfied or waived.

ARTICLE VIII
TERMINATION, AMENDMENT AND WAIVER

8.1 *Termination*. This Agreement may be terminated at any time prior to the Effective Time, whether before or after the receipt of Company Stockholder Consent:

(a) by the mutual written consent of Parent LP and the Company;

(b) by either of the Company and Company LP, on the one hand, or Parent LP, on the other hand, by written notice to the other:

(i) if any Governmental Entity of competent jurisdiction shall have issued an injunction or taken any other action (which injunction or other action the parties hereto shall have used their reasonable best efforts to lift), which makes the consummation of the Merger or the other transactions contemplated hereby illegal or which permanently restrains, enjoins or otherwise prohibits the consummation of the Merger or the other transactions contemplated hereby, and such injunction or other action shall have become final and non-appealable; or

(ii) if the consummation of the Merger shall not have occurred on or before April 29, 2005 (such date, as it may be extended as set forth below, the "*Drop Dead Date*"); *provided*, *however*, that the right to terminate this Agreement under this Section 8.1(b)(ii) shall not be available to any party whose failure to comply with any provision of this Agreement has been the principal cause of, or resulted in, the failure of the Merger to occur on or before such date.

(c) by written notice from Parent LP to the Company, if the Company breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in this Agreement, which breach or failure to perform would give rise to the failure of a condition set forth in Sections 7.2(a) or 7.2(b) and such condition is incapable of being satisfied by the Drop Dead Date;

(d) by written notice from the Company to Parent LP, if Parent, Parent LP or Merger Sub breaches or fails to perform in any material respect any of its representations, warranties or covenants contained in this Agreement, which breach or failure to perform would give rise to the failure of a condition set forth in Sections 7.3(a) or 7.3(b) and such condition is incapable of being satisfied by the Drop Dead Date.

8.2 *Effect of Termination*. In the event of the termination of this Agreement pursuant to Section 8.1, this Agreement shall forthwith become null and void and have no effect, without any liability on the part of Parent, Parent LP, Merger Sub, the Company or Company LP and their respective directors, officers, employees, partners or stockholders and all rights and obligations of any party hereto shall cease, except for the agreements contained in Section 6.1(b), Section 6.7, Sections 8.2 - 8.4 (inclusive) and Article IX; provided, however, that nothing contained in this Section 8.2 shall relieve any party from liabilities or damages arising out of any fraud or willful breach by such party of any of its representations, warranties, covenants or other agreements contained in this Agreement.

8.3 *Parent Guarantee*. Parent hereby unconditionally and irrevocably guarantees to the Company the full payment and performance of each of the obligations and undertakings of Parent LP, Merger Sub and, after the Effective Time, the Surviving Corporation, under this Agreement when and to the extent the same are required to be paid or performed. If Parent LP, Merger Sub or, after the Effective

Time, the Surviving Corporation shall fail to pay or perform any obligation or undertaking under this Agreement when and to the extent the same is required to be paid or performed, Parent will upon written demand from the Company forthwith cause to be paid or performed such obligation or undertaking. The Company may proceed against Parent hereunder without first proceeding against Parent LP or Merger Sub.

8.4 *Fees and Expenses*. Whether or not the Merger is consummated, all fees, costs and expenses incurred in connection with the preparation, execution and performance of this Agreement and the transactions contemplated hereby, including, without limitation, all fees, costs and expenses of agents, representatives, counsel and accountants shall be paid by the party incurring such fees, costs or expenses.

8.5 *Amendment*. This Agreement may be amended by the parties hereto by an instrument in writing signed on behalf of each of the parties hereto at any time; provided, however, no amendment shall be made which by law requires further approval by the Company's stockholders, as applicable, without obtaining such approval. This Agreement may not be amended except by an instrument in writing executed by the parties hereto.

8.6 *Extension; Waiver*. At any time prior to the Effective Time, the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties of the other parties contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other parties with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party against which such waiver or extension is to be enforced. The failure of a party to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of those rights.

ARTICLE IX
GENERAL PROVISIONS

9.1 *Notices*. All notices and other communications given or made pursuant hereto shall be in writing and shall be deemed to have been duly given or made as of the date delivered or sent if delivered personally or sent by facsimile (providing confirmation of transmission) or sent by prepaid overnight carrier (providing proof of delivery) to the parties at the following addresses or facsimile numbers (or at such other addresses or facsimile numbers as shall be specified by the parties by like notice):

(1) if to Parent or Parent LP:	The Macerich Company 401 Wilshire Boulevard, Suite 700 Santa Monica, CA 90401 Attention: Richard A. Bayer Facsimile: 310-394-7692
With a copy to:	O'Melveny & Myers LLP 400 South Hope Street Los Angeles, CA 90071-2899 Attention: Mark C. Easton Facsimile: 213-430-6407
(2) if to the Company:	Wilmorite Properties, Inc. 1265 Scottsville Road Rochester, NY 14624-5125 Attention: John W. Anderson Facsimile: 585-464-0259
With a copy to:	Wilmorite Properties, Inc. 1265 Scottsville Road Rochester, NY 14624-5125 Attention: Mark R. Foerster Facsimile: 585-464-0259
	Goodwin Procter LLP Exchange Place, 53 State Street Boston, MA 02109-2804 Attention: Gilbert G. Menna, P.C. Facsimile: 617-523-1231

9.2 *Certain Definitions*. For purposes of this Agreement, the term:

"*Acquisition Proposal*" means any proposal or offer for any (a) merger, consolidation, business combination, reorganization, share exchange or similar transaction involving the Company or Company LP, (b) sale, lease or other disposition, directly or indirectly, by merger, consolidation, business combination, reorganization, share exchange or otherwise, that would result in any Third Party acquiring twenty percent (20%) or more of the fair market value of the assets of the Company, Company LP and the Company Subsidiaries on a consolidated basis, (c) tender offer, exchange offer or any other transaction in which any Third Party shall acquire beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act), or the right to acquire beneficial ownership, of twenty percent (20%) or more of the outstanding shares of Company Common Stock or Series A Preferred Stock or outstanding equity interests of Company LP, (d) recapitalization, restructuring, liquidation, dissolution, or other transaction with respect to the Company or Company LP following which the stockholders prior to the transaction do not hold a majority of the outstanding shares of stock after the transaction; *provided*, *however*, that the term "Acquisition Proposal" shall not include the Merger or the other transactions contemplated by this Agreement.

"*Additional Consideration*" means, with respect to the Company Preferred Stock, an amount of cash per share equal to the amount distributed on each Company Preferred Unit pursuant to Section 1.8(a) hereof as a Pre-Closing Distribution and, with respect to the Company Common

Stock, an amount of cash per share equal to the amount distributed per Company Common Unit pursuant to Section 1.8(a) hereof as a Pre-Closing Distribution.

"*Affiliate*" of any Person means a Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, the first-mentioned Person.

"*Anchor Store Agreements*" means any reciprocal easement agreement or lease with an anchor tenant.

"*Business Day*" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions are required by law to be closed.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Company LP Consent*" means the affirmative consent of a sufficient number of the Company Limited Partners, which shall include the Company as a partner of Company LP, necessary to approve and adopt this Agreement, the Merger, the Amended and Restated Company Partnership Agreement and the other transactions contemplated hereby.

"*Company Material Adverse Effect*" means, with respect to the Company, an effect, event or change which has a material adverse effect on (i) the business, properties, assets, liabilities, results of operations, or condition (financial or otherwise) of the Company and the Company Subsidiaries on a consolidated basis taken as a whole or (ii) the ability of the Company or Company LP to perform their respective obligations pursuant to this Agreement, in each case, other than effects, events or changes arising out of or resulting from (a) changes in conditions in the U.S. capital or financial markets generally, including changes in interest or exchange rates (other than those that would have a materially disproportionate effect relative to other industry participants, on the Company and the Company Subsidiaries taken as a whole), (b) changes in general U.S. legal, regulatory, economic or business conditions or changes in GAAP that, in each case, generally affect industries in which the Company and the Company Subsidiaries conduct business (other than those that would have a materially disproportionate effect relative to other industry participants, on the Company and the Company Subsidiaries taken as a whole), (c) the negotiation, execution, announcement or performance of this Agreement or the consummation of the transactions contemplated by this Agreement, including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, licensors, distributors, lenders, partners or employees (other than as may result from a breach of the obligations of the Company or Company LP under this Agreement), (d) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement (other than those that result in the uninsured casualty with respect to the Company or the Company Subsidiaries), or (e) earthquakes or other natural disasters (other than those that result in an uninsured casualty with respect to the Company or the Company Subsidiaries).

"*Company Stockholder Consent*" means the affirmative consent of a sufficient number of holders of shares of the Company Common Stock and Series A Preferred Stock, voting together as a single class, necessary to approve and adopt this Agreement, the Merger and the other transactions contemplated hereby.

"*Environmental Laws*" means any federal, state or local statute, law, ordinance, regulation, rule, code, or binding order and any enforceable and binding judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree, judgment, stipulation, injunction, permit, authorization, or agency requirement, in each case having the force and effect of law, relating to the pollution, protection, investigation or restoration of the indoor or outdoor environment, health and safety as affected by the environment or natural resources, including, without limitation, those relating to the use, handling, presence, transportation, treatment, storage, disposal, release, threatened release or discharge of Hazardous Materials or contamination.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"*ERISA Affiliate*" means and Affiliate of the Company if it would have ever been considered a single employer with the Company under ERISA Section 4001(b) or part of the same "controlled group" as the Company for purposes of ERISA Section 302(d)(8)(C).

"*Excess Net Working Capital*" means (a) the excess, if any, of (i) Current Assets as shown on the Final Closing Worksheets *over* (ii) Current Liabilities as shown on the Final Closing Worksheets, *less* (b) $5,000,000, which represents the target amount of working capital to be retained by Company LP following the Closing.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"*Excluded Properties*" means (i) the Charlestowne Mall and Westshore Mall, (ii) the assets and equipment used in the operation of the Rochester Portfolio, Charlestowne Mall and Westshore Mall, (iii) all furniture, fixtures and equipment owned or leased by Company LP and its Affiliates and located at, or used in connection with, Company LP's Home Office, other than furniture, computers, cellular telephones or similar equipment used by up to eight (8) employees to the extent these persons are employed by or otherwise contract with Parent subsequent to the Closing, and (iv) all rights to the "Wilmorite" trademark, including any derivatives thereof and the W Logo set forth in Section 1.10(a) of the Company Disclosure Schedule.

"*GAAP*" means generally accepted accounting principles as applied in the United States.

"*Hazardous Materials*" means any "hazardous waste" as defined in either the United States Resource Conservation and Recovery Act or regulations adopted pursuant to said act, any "hazardous substances" or "pollutant" or "contaminant" as defined in the United States Comprehensive Environmental Response, Compensation and Liability Act and, to the extent not included in the foregoing, any medical waste, oil or fractions thereof.

"*Home Office*" means the offices of the Company located at 1265 Scottsville Road, Rochester, New York.

"*HSR Act*" means the Hart Scott Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

"*Indebtedness*" means, with respect to any Person, without duplication, (a) all indebtedness of such Person for borrowed money, whether secured or unsecured, (b) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person, (c) all capitalized lease obligations of such Person, (d) all obligations of such Person under interest rate or currency hedging transactions (valued at the termination value thereof) and (e) all guarantees of such Person of any such Indebtedness of any other Person.

"*IRS*" means the United States Internal Revenue Service.

"*Merger Consideration*" means the (A) the Final Offer Consideration less the sum of (x) the Net Aggregate SARs Value and (y) the aggregate amount to be paid under the Partnership Bonus Agreements *divided by* (B) the total number of outstanding shares of Company Common Stock, shares of Company Preferred Stock, Company Common Units and Company Preferred Units outstanding as of the Effective Time (excluding Company Common Units and Company Preferred Units held by the Company), without interest.

"*Net Aggregate SARs Value*" means the aggregate amount of cash to be paid with respect to the outstanding SARs, which equal (a) the Per SARs Value *multiplied by* (b) the aggregate number of SARs outstanding.

"*Parent Material Adverse Effect*" means, with respect to Parent, an effect, event or change which has a material adverse effect (i) on the business, properties, assets, liabilities, results of operations or condition (financial or otherwise) of Parent and the Parent Subsidiaries on a consolidated basis taken as a whole, or (ii) the ability of Parent and Parent LP to perform their respective obligations pursuant to this Agreement, in each case, other than effects, events or changes arising out of or resulting from (a) changes in conditions in the U.S. capital financial markets generally, including changes in interest or exchange rates (other than those that would have a materially disproportionate effect relative to other industry participants, on Parent and the Parent Subsidiaries taken as a whole), (b) changes in general U.S. legal, regulatory, economic or business conditions or changes in GAAP that, in each case, generally affect industries in which Parent and the Parent Subsidiaries conduct business (other than those that would have a materially disproportionate effect relative to other industry participants, on Parent and the Parent Subsidiaries taken as a whole), (c) the negotiation, execution, announcement or performance of this Agreement or the consummation of the transactions contemplated by this Agreement, including the impact thereof on relationships, contractual or otherwise, with customers, suppliers, licensors, distributors, lenders, partners or employees (other than as may result from a breach of the obligations of Parent or Parent LP under this Agreement), (d) acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement (other than those that result in an uninsured casualty with respect to Parent or the Parent Subsidiaries), (e) earthquakes or other natural disasters (other than those that result in an uninsured casualty with respect to Parent or the Parent Subsidiaries) or (f) any decline in the market price, or change in trading volume, of the capital stock of Parent or any failure to meet publicly announced revenue or earnings projections.

"*Per SARs Value*" means the amount paid per each SAR calculated by (a) the Final Offer Consideration plus the $8,000,000 aggregate purchase price adjustment payment from the limited partners participating in the Rochester redemption right to those limited partners and Company Stockholders who do not participate in the Rochester redemption right *divided by* (b) the total number of outstanding shares of Company Common Stock, shares of Company Preferred Stock, Company Common Units and Company Preferred Units outstanding as of the Effective Time (excluding Company Common Units and Company Preferred Units held by the Company) *minus* (c) the grant price of each such SAR.

"*Person*" means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in Section 13(d) of the Exchange Act).

"*Principal Holder*" means any stockholder of the Company that holds twenty percent (20%) or more of the Company's outstanding Common Stock or Series A Preferred Stock or any partner in Company LP that holds twenty percent (20%) or more of the outstanding equity interests of Company LP.

"*Rochester Portfolio*" means the Eastview Mall, Eastview Commons, Greece Ridge Center, Marketplace Mall and Pittsford Plaza properties.

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

"*Securities Act*" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"*Subsidiary*" means any corporation more than 50% of whose outstanding voting securities, or any partnership, joint venture or other entity more than 50% of whose total equity interest, is directly or indirectly owned by Parent, Parent LP or the Company or Company LP, as the case may be.

"*Tax Returns*" means all reports, returns, declarations, statements or other information required to be supplied to a taxing authority in connection with Taxes, which such information may be compiled and filed on a consolidated basis.

"*Taxes*" means any and all taxes and similar charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, net worth, excise, withholding, ad valorem, stamp, transfer, value added or gains taxes and similar charges.

"*Third Party*" means any Person or group other than Parent LP or Merger Sub.

9.3 *Terms Defined Elsewhere*. The following terms are defined elsewhere in this Agreement, as indicated below:

"ACI Danbury"	Recitals
"Actions"	Section 6.8(d)
"Agreement"	Preamble
"Amended and Restated Company Partnership Agreement"	Recitals
"Certificate" or "Certificates"	Section 1.6(c)
"Certificate of Merger"	Section 1.4
"Claim"	Section 6.7(b)
"Closing"	Section 1.3
"Closing Date"	Section 1.3
"Closing Obligations"	Section 4.11(a)
"Commitment"	Section 3.9
"Company"	Preamble
"Company Board"	Recitals
"Company Common Stock"	Section 1.6(a)
"Company Common Units"	Section 3.4(i)
"Company Disclosure Schedule"	Article III
"Company Employees"	Section 6.6(b)
"Company Incentive Plan"	Section 1.7(b)
"Company Information Statement"	Section 1.11(c)
"Company Limited Partners"	Section 3.4(i)
"Company LP"	Preamble
"Company LP Disclosure Document"	Section 1.11(b)
"Company LP Units"	Section 3.4(i)
"Company Organizational Documents"	Section 3.1(a)
"Company Partnership Agreement"	Recitals
"Company Partnership Certificate"	Section 3.1(b)
"Company Preferred Stock"	Section 3.4(a)
"Company Preferred Units"	Section 3.4(i)
"Company Properties"	Section 3.12(a)
"Company Rent Roll"	Section 3.12(d)
"Company Subsidiaries"	Section 3.2(a)
"Company Tax Protection Agreements"	Section 3.11(c)

"***Confidentiality Agreement***"	Section 6.1(b)
"***Consent and Voting Agreements***"	Recitals
"***Contribution Agreement***"	Recitals
"***Convertible Preferred Units***"	Section 6.9(a)
"***Danbury Merger Agreement***"	Recitals
"***Delaware Courts***"	Section 9.9(b)
"***DGCL***"	Recitals
"***Dissenting Shares***"	Section 1.9(a)
"***Drop Dead Date***"	Section 8.1(b)
"***DSOS***"	Section 1.4
"***Effective Time***"	Section 1.4
"***Electing Holders***"	Section 2.1(b)
"***Election***"	Section 7.2(g)
"***Employment Agreements***"	Section 3.19(a)(v)
"***Employee Programs***"	Section 3.14(a)
"***Encumbrances***"	Section 3.12(a)
"***Estimated Closing Worksheets***"	Section 1.8(c)
"***Exchange Fund***"	Section 2.1(b)
"***Final Closing Worksheets***"	Section 1.8(d)
"***Final Offer Consideration***"	Section 1.1(a)
"***Financial Statements***"	Section 3.10(a)
"***Financing Letter***"	Section 4.11(a)
"***Governmental Entity***"	Section 3.7(b)
"***Indemnified Party" or "Indemnified Parties***"	Section 6.7(a)
"***Initial Offer Consideration***"	Section 1.1(a)
"***Intellectual Property Rights***"	Section 3.20
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"***Trustee***"	Section 1.7(a)
"***W Logo***"	Section 1.10

9.4 *Interpretation*. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

9.5 *Non-Survival of Representations, Warranties, Covenants and Agreements*. Except for Articles I (except Sections 1.7(b) and 1.12) and II, the last sentence of Section 6.1(b), Sections 6.3, 6.6, 6.7, 6.8 and 6.13, and any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time (a) none of the representations, warranties, covenants and agreements contained in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time and (b) thereafter there shall be no liability on the part of either Parent, Parent LP, Merger Sub or the Company, Company LP and/or Company Subsidiaries or any of their respective officers, directors, managers, partners, members or stockholders in respect thereof. Except as expressly set forth in this Agreement, there are no representations or warranties of any party hereto, express or implied.

9.6 *Miscellaneous*.

(a) This Agreement (a) constitutes, together with the Confidentiality Agreement, the Company Disclosure Schedule, the Parent Disclosure Schedule, the Exhibits hereto, and any subsequent or supplemental agreements between or among any of the parties hereto to the extent such agreement recites that it was entered into in connection with the Merger, the entire agreement and supersedes all of the prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and (b) shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns and is not intended to confer upon any other Person (except as set forth below) any rights or remedies hereunder. Sections 6.6 and 6.7 are intended to be for the benefit of those Persons described therein and the covenants contained therein may be enforced by such Persons.

(b) The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions (without the posting of any bonds) to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof, this being in addition to any other remedy to which they are entitled at law or in equity.

9.7 *Assignment; Benefit*. Except as expressly permitted by the terms hereof, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, and any attempt to assign without such consent shall be void. Notwithstanding anything contained in this Agreement to the contrary, except for the provisions of Sections 6.6 and 6.7 hereof which shall inure to the benefit of the Persons or entities benefiting therefrom who are expressly intended to be third-party beneficiaries thereto, nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto or their respective heirs, successors, executors, administrators and assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement.

9.8 *Severability*. If any provision of this Agreement or the application thereof to any person or circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other persons or circumstances shall not be affected thereby, and to such end, such provisions of this Agreement are agreed to be severable.

9.9 *Choice of Law; Consent to Jurisdiction*.

(a) All disputes, claims or controversies arising out of or relating to this Agreement, or the negotiation, validity or performance of this Agreement, or the transactions contemplated hereby shall be governed by and construed in accordance with the laws of the State of Delaware without regard to its rules of conflict of laws.

(b) Each of Company, Company LP, Parent, Parent LP and Merger Sub hereby irrevocably and unconditionally consents to submit to the sole and exclusive jurisdiction of any court of the United States located in the State of Delaware (the "*Delaware Courts*") for any litigation arising out of or relating to this Agreement, or the negotiation, validity or performance of this Agreement, or the transactions contemplated hereby (and agrees not to commence any litigation relating thereto except in such courts), waives any objection to the laying of venue of any such litigation in the Delaware Courts and agrees not to plead or claim in any Delaware Court that such litigation brought therein has been brought in an inconvenient forum. Each of the parties hereto agrees, (i) to the extent such party is not otherwise subject to service of process in the State of Delaware, to appoint and maintain an agent in the State of Delaware as such party's agent for acceptance of legal process, and (ii) that service of process may also be made on such party by prepaid certified mail with a proof of mailing receipt validated by the United States Postal Service constituting evidence of valid service. Service made pursuant to (i) or (ii) above shall have the same legal force and effect as if served upon such party personally within the State of Delaware. For purposes of implementing the parties' agreement to appoint and maintain an agent for service of process in the State of Delaware, each of Parent, Parent LP and Merger Sub does hereby appoint CT Corporation System, 1209 Orange Street, Wilmington, Delaware 19801, as such agent.

9.10 *Gender Neutral*. Wherever used herein, a pronoun in the masculine gender shall be considered as including the feminine gender unless the context clearly indicates otherwise.

9.11 *Waiver*. Except as provided in this Agreement, no action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained in this Agreement. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

9.12 *Counterparts*. This Agreement may be executed in counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party. Facsimile transmission of any signed original document shall be deemed the same as delivery of an original. At the request of any party, the parties will confirm facsimile transmission by signing a duplicate original document.

[Signature Page Follows Next]

[SIGNATURE PAGE TO AGREEMENT AND PLAN OF MERGER]

IN WITNESS WHEREOF, The Macerich Company, The Macerich Partnership, L.P., MACW, Inc., Wilmorite Properties, Inc. and Wilmorite Holdings, L.P. have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

THE MACERICH COMPANY

By: ____________________

Name: Richard A. Bayer
Title: Executive Vice President and General Counsel

THE MACERICH PARTNERSHIP, L.P.

By: The Macerich Company, its general partner

By: ____________________

Name: Richard A. Bayer
Title: Executive Vice President and General Counsel

MACW, INC.

By: ____________________

Name: Richard A. Bayer
Title: Executive Vice President and General Counsel

WILMORITE PROPERTIES, INC.

By: ____________________

Name: John W. Anderson
Title: Chief Executive Officer

WILMORITE HOLDINGS, L.P.

By: Wilmorite Properties, Inc., its general partner

By: ____________________

Name: John W. Anderson
Title: Chief Executive Officer

Company Disclosure Schedule

Section 1.1(a)
Calculation of Final Offer Consideration

I.	**Initial Offer Consideration**			$	1,293,399,136[1]
II.	**Increase (Reduction) in Net Working Capital**				
	A. Current Assets	$			
	B. *Less* Current Liabilities	$			
	C. *Less* Targeted Working Capital[[2]]	$ 5,000,000			
	D. Less Pre-Closing Distribution	- $			
***Plus* Increase (Reduction) in Net Working Capital**		$	=	+ $	
III.	**Reduction (Increase) in Secured Debt**				
	A. Secured Debt At Signing	$ 882,198,742			
	B. *Less* Secured Debt at Closing	$			
***Plus* Reduction (Increase) in Secured Debt**		$	=	+ $	
IV.	**Reduction (Increase) in Other Liabilities (see Schedule 1.1(b))**				
	A. Other Liabilities at Signing	$ 156,965,028			
	B. *Less* Other Liabilities at Closing	$			
***Less* (Increase) Reduction in Other Liabilities**		$	=	-$	
V.	**Equals Final Offer Consideration**			$	

See definitions on next page.

1 The number will be the Initial Offer Consideration in Section 1.1(a) to the Merger Agreement.

2 This number reflects the $5,000,000 already reflected in the Initial Offer Consideration as the intended amount of working capital to be retained by Company LP following the Closing.

Definitions for Section 1.1(a) of the Company Disclosure Schedule:

For the purposes of this Section 1.1(a) and the calculation of the Final Offer Consideration, the following terms shall have the following meanings:

(i) "*Current Assets*" means Company LP's total Cash, Cash—Tenant Security Deposits, Cash—Escrowed and Restricted, Accounts Receivable—Tenants, Accounts Receivable—Affiliates, New York State Tax Refunds Receivable and Prepaid Expenses, all as of the Closing Date, determined on a GAAP basis (excluding any receivables for straight lined rents), but subject to adjustments to include pro rata amounts attributable to unconsolidated Subsidiaries and Affiliates and to exclude any amounts attributable to Charlestowne Mall or Westshore Mall that would appear on the Company's balance sheet if it were computed as of the Closing Date;

(ii) "*Current Liabilities*" means Company LP's total Tenants Security Deposits, Accounts Payable—Trade; Accounts Payable—Affiliates, Tenant Allowances, Accrued Expenses and Accrued Interest, Rent Received in Advance, Deferred Income and Minority Interest (Eagan Note), all as of the Closing Date, determined on a GAAP basis, but subject to adjustments to include pro rata amounts attributable to unconsolidated Subsidiaries and Affiliates and to exclude any amounts attributable to Charlestowne Mall or Westshore Mall;

(iii) "*Other Liabilities*" means the number listed as "Total Liabilities to be Assumed or Paid Off at Closing" from Section 1.1(b) of the Company Disclosure Schedule;

(iv) "*Pre-Closing Distribution*" means the total amount, if any, distributed to the limited partners of Company LP pursuant to Section 1.8(a) of the Merger Agreement as a Pre-Closing Distribution;

(v) "*Secured Debt*" means the aggregate amount of outstanding secured indebtedness for borrowed money of Company LP on a consolidated basis plus a pro rata share of such indebtedness of unconsolidated Company Subsidiaries and Affiliates as of the Closing Date, excluding any such indebtedness attributable to Charlestowne Mall or Westshore Mall; and

(vi) "*Targeted Working Capital*" means the target amount of working capital to be retained by Company LP following the Closing, which is $5,000,000 and which has already been taken into account in the Initial Offer Consideration.

QuickLinks

Exhibit 2.1

QuickLinks -- Click here to rapidly navigate through this document

Exhibit 10.5.1

THE MACERICH COMPANY
DEFERRED COMPENSATION PLAN
FOR EXECUTIVES
(Effective January 1, 2005)

THE MACERICH COMPANY
DEFERRED COMPENSATION PLAN
FOR EXECUTIVES
(Effective as of January 1, 2005)

TABLE OF CONTENTS

THE MACERICH COMPANY
2005 DEFERRED COMPENSATION PLAN
FOR EXECUTIVES
(Effective January 1, 2005)

The Macerich Company (the "Company") hereby establishes this deferred compensation plan (the "Plan"), effective January 1, 2005, to provide supplemental retirement income benefits through deferrals of salary and bonuses.

ARTICLE I
TITLE AND DEFINITIONS

1.1 Title.

This Plan shall be known as The Macerich Company 2005 Deferred Compensation Plan for Executives.

1.2 Definitions.

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

"Account" or "Accounts" shall mean a Participant's Deferral Account and/or Company Matching Account.

"Beneficiary" means (a) in the case of a Participant who is a participant in the Prior Plan, the beneficiary designated under the Prior Plan by the Participant to receive benefits in the event of the Participant's death or (b) in the case of a Participant who is not a participant in the Prior Plan, the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. If there is no valid Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate (which shall include either the Participant's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant's estate duly appointed and acting in that capacity within 90 days after the Participant's death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

"Board of Directors" or "Board" shall mean the Board of Directors of The Macerich Company.

"Bonus" shall mean any incentive compensation payable to a Participant in addition to the Participant's Salary prior to any deferrals under this Plan or any salary reduction contributions to a plan described in Section 401(k) of the Code or Section 125 of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Committee appointed pursuant to Section 8.1 of this Plan.

"Company" shall mean The Macerich Company, its subsidiaries and successors and, where the context warrants, The Macerich Partnership, L.P., Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Westcor Realty Limited Partnership and Macerich Westcor Management Company.

"Company Matching Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with an amount equal to (1) the Company Matching Amount and (2) earnings or losses thereon pursuant to Section 4.2.

"Company Matching Amount" shall mean an amount equal to a percentage, determined by the Company in its sole discretion, of the amount of Compensation deferred under the Plan for the Plan Year.

"Compensation" shall mean the Salary and Bonus that the Participant is entitled to for services rendered to the Company.

"Deferral Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Participant's Salary that he or she elects to defer, (2) the portion of the Participant's Bonus that he or she elects to defer, and (3) earnings or losses thereon pursuant to Section 4.1.

"Earnings Rate" shall mean, for each Fund, an amount equal to the net rate of gain or loss on the assets of such Fund determined for each business day.

"Effective Date" of this Plan shall mean January 1, 2005.

"Eligible Employee" for any Plan Year shall mean each key executive of the Company designated by the Committee whose annualized Salary is equal to or greater than $80,000 and who is not eligible to participate in the Macerich Company Deferred Compensation Plan for Senior Executives. Notwithstanding the foregoing, any key executive of the Company designated by the Committee who is a participant in the Prior Plan shall be an Eligible Employee for purposes of this Plan.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fund" or "Funds" shall mean one or more of the investment funds designated in Section 3.2(a).

"Key Employee" shall mean any Participant who is a "key employee" of the Company as defined in Section 416(i) of the Code.

"Participant" shall mean any Eligible Employee who elects to defer compensation in accordance with Section 3.1.

"Payment Eligibility Date" shall mean the first day of the month following the day on which a Participant terminates employment or dies; provided, however, that if a Participant is a Key Employee and his or her employment terminates for any reason other than death, then the Payment Eligibility Date shall mean the last day of the six-month period immediately following the Participant's termination of employment (or, if the Participant dies prior to the end of such six-month period, the date of the Participant's death). Notwithstanding the foregoing, a termination of employment shall not be deemed to have occurred for any purpose under the Plan unless such termination of employment constitutes a "separation from service" as defined under Section 409A (or other applicable section) of the Code and any regulations promulgated thereunder.

"Plan" shall mean The Macerich Company 2005 Deferred Compensation Plan for Executives set forth herein, now in effect, or as amended from time to time.

"Plan Year" shall mean the 12 consecutive month period beginning on January 1 each year.

"Prior Plan" shall mean The Macerich Company Deferred Compensation Plan for Executives, as amended.

"Salary" shall mean the Participant's base pay prior to any deferrals under this Plan or any salary reduction contributions to a plan described in Section 401(k) of the Code or Section 125 of the Code.

ARTICLE II
PARTICIPATION

2.1 Participation.

Participation in the Plan is voluntary. An Eligible Employee shall become a Participant in the Plan by electing to defer Compensation in accordance with Section 3.1.

ARTICLE III
DEFERRAL ELECTIONS

3.1 Elections to Defer Compensation.

(a) *Elections to Defer.* Each Eligible Employee may elect to defer Compensation for any Plan Year by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, no later than the December 15 immediately preceding such Plan Year (or such later date that the Committee determines, but in no event later than December 31) in which the Compensation is to be earned. The Committee shall notify each Eligible Employee of his or her eligibility to participate in the Plan at least 10 days prior to the time he or she must file an election for participation. Each participation election shall signify the portion of the Eligible Employee's Salary or Bonus, as applicable, that he or she elects to defer.

(b) *Amount of Deferrals.* The amount of Compensation that an Eligible Employee may elect to defer is as follows:

(1) Any percentage of Salary up to 50%, which shall be deferred ratably over the Plan Year; and/or

(2) Any percentage of Bonus, if any, up to 100%.

Notwithstanding the foregoing, the maximum amount of Compensation that an Eligible Employee may defer under this Plan and any other nonqualified elective plan of deferred compensation maintained by the Company shall be reduced by the amount of Compensation that the Eligible Employee could have deferred under any qualified cash or deferred arrangements as described in Section 401(k) of the Code (a "401(k) Plan") without violating Section 402(g) of the Code or the maximum elective contributions permitted under the terms of the 401(k) Plan.

(c) *Effect of Election.* An election to defer Salary for a Plan Year shall apply to all Salary earned during each pay period beginning in such Plan Year, and an election to defer Bonuses for a Plan Year shall apply to any Bonus earned during such Plan Year. Notwithstanding the foregoing, an individual who becomes an Eligible Employee during a Plan Year may elect to participate in the Plan during such Plan Year by filing such written application with the Committee no later than the 30th day following the date on which such individual becomes an Eligible Employee. An election filed in accordance with the preceding sentence shall be effective solely with respect to Salary and that portion of any Bonus earned on or after the first day of the first complete pay period commencing after the filing of such election.

(d) *Irrevocability.* Any election filed pursuant to this Section 3.1 shall apply only prospectively and shall be irrevocable for the Plan Year (or portion thereof) to which such election applies.

3.2 Investment Elections.

(a) At the time of making the first deferral election described in Section 3.1, the Participant shall designate, on a form provided by the Committee or otherwise in accordance with procedures established by the Committee, the Fund or Funds in which the Participant's deferrals under such election (and any subsequent deferral elections) and corresponding Company Matching Amounts will be deemed to be invested for purposes of determining the amount of earnings or losses to be credited to the Participant's Accounts. As of the Effective Date, the Funds shall be the following:

1. Northwestern Mutual Life Guaranteed Interest Fund
2. Northwestern Mutual Life Money Market Fund
3. Northwestern Mutual Life Select Bond Fund
4. Northwestern Mutual Life High Yield Bond Fund
5. Northwestern Mutual Life Balanced Fund
6. Northwestern Mutual Life Index 500 Stock Fund
7. Mason Street Advisors Large Cap Core Stock Fund
8. Northwestern Mutual Life Growth Stock Fund
9. Franklin Templeton International Equity Fund
10. Northwestern Mutual Life Aggressive Growth Stock Fund
11. Northwestern Mutual Life Index 400 Stock Fund
12. Russell Real Estate Securities Fund
13. T. Rowe Price Small Cap Value Fund

(b) In making the designation pursuant to this Section 3.2, the Participant must specify, in whole numbers, the percentage of his or her Deferral Account and Company Matching Account that shall be deemed to be invested in one or more of the Funds. Effective as of the end of the day on which the Committee receives the Participant's election, a Participant may change the designation made under this Section 3.2 by filing an election in accordance with procedures established by the Committee. If a Participant fails to elect a Fund under this Section 3.2, he or she shall be deemed to have elected the Northwestern Mutual Life Money Market Fund.

(c) The Earnings Rate of each Fund shall be used to determine the amount of earnings or losses to be credited to the Participant's Accounts under Article IV. The Company reserves the right to increase or decrease the number of the Funds listed in Section 3.2(a), as well as the right to designate other investment funds as the Funds (instead of those currently listed in Section 3.2(a)) for purposes of this Plan.

(d) Notwithstanding the Participant's ability to designate the Funds in which his or her Accounts shall be deemed to be invested, the Company shall have no obligation to invest any funds in accordance with any Participant's election. A Participant's Accounts shall merely be bookkeeping entries on the Company's books, and no Participant shall obtain any interest in any Funds.

ARTICLE IV
PARTICIPANT ACCOUNTS

4.1 Deferral Account.

The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by the Participant pursuant to Section 3.2. A Participant's Deferral Account shall be credited as follows:

(a) As of the last date of each month, the Committee shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to Salary deferred by the Participant during each pay period ending in that month in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Salary that the Participant has elected to be deemed to be invested in a certain Fund shall be credited to the investment fund subaccount corresponding to that Fund;

(b) As of the last day of the month in which the Bonus or partial Bonus would have been paid, the Committee shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to the portion of the Bonus deferred by the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Bonus that the Participant has elected to be deemed to be invested in a particular Fund shall be credited to the investment fund subaccount corresponding to that Fund; and

(c) As of the end of each business day, each investment fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance of such investment fund subaccount as of the end of the prior business day by the Earnings Rate for the corresponding Fund for the day of crediting.

4.2 Company Matching Account.

The Committee shall establish and maintain a separate Company Matching Account for each Participant under the Plan. Each Participant's Company Matching Account shall be divided into separate investment fund subaccounts corresponding to the investment funds elected by the Participant pursuant to Section 3.2. A Participant's Company Matching Account shall be credited as follows:

(a) As of the last day of each Plan Year or at more frequent intervals as determined by the Committee, the Company shall credit the investment fund subaccounts of the Participant's Company Matching Account with an amount equal to the Company Matching Amount, if any, applicable to that Participant; that is, the portion of the Company Matching Amount, if any, which the Participant elected to be deemed to be invested in a certain Fund shall be credited to the corresponding investment fund subaccount; and

(b) As of the end of each business day, each investment fund subaccount of a Participant's Company Matching Amount shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance of such investment fund subaccount as of the end of the prior business day by the Earnings Rate for the corresponding Fund for the day of the crediting.

In addition, the Company may at any time direct the Committee to credit a Participant's Company Matching Account with such additional amount that the Company has determined, for any reason, to credit to such Participant.

ARTICLE V
VESTING

5.1 Deferral Account.

A Participant's Deferral Account shall at all times be 100% vested.

5.2 Company Matching Account.

A Participant's Company Matching Account shall at all times be 100% vested.

ARTICLE VI
DISTRIBUTIONS

6.1 Time and Form of Distribution.

(a) The amount credited to a Participant's Deferral Account and the amount credited to his or her Company Matching Account shall be paid to the Participant (or, in the case of his or her death, Beneficiary) in the form of a cash lump sum payment on his or her Payment Eligibility Date. Notwithstanding the foregoing, on a distribution election form filed simultaneously with and in the same manner as the first deferral election form that a Participant files in accordance with the provisions of Section 3.1 hereof, a Participant may elect to have the amounts credited to his or her Accounts distributed to him or her in any one of the following optional forms of distribution:

(1) A scheduled in-service distribution on a specified date (no earlier than January 1 of the year following the Participant's first year of participation in the Plan) of all or a specified percentage of the amount credited to the Participant's Accounts (as of the specified date), with all remaining amounts then credited or subsequently credited to the Participant's Accounts distributed in a lump sum on the Participant's Payment Eligibility Date; provided that, if the Participant's Payment Eligibility Date occurs prior to the scheduled in-service distribution date, then the total amount credited to the Participant's Accounts will be paid in a lump sum payment on the Participant's Payment Eligibility Date;

(2) A cash lump sum payable on the later of some specified date or the Participant's Payment Eligibility Date;

(3) A specified number of substantially equal monthly installments (not to exceed 180) commencing on the later of a specified date or the Participant's Payment Eligibility Date;

(4) A specified number of substantially equal annual installments (not to exceed 15) commencing on the later of a specified date or the Participant's Payment Eligibility Date; or

(5) Any other method selected by the Participant that is approved by the Committee in its sole and absolute discretion, provided that payment is not made or payments do not begin before the Participant's Payment Eligibility Date.

(b) An election made under Section 6.1(a) shall apply to all amounts deferred for all Plan Years under this Plan and may be changed only in accordance with Section 6.3.

(c) The Participant's Accounts shall continue to be credited with earnings or losses pursuant to Article IV of the Plan until all amounts credited to his or her Accounts under the Plan have been distributed.

(d) For all purposes under this Plan, a Participant shall not be considered terminated from employment if the Participant remains employed by The Macerich Company, any of its subsidiaries, The Macerich Partnership, L.P., Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Westcor Realty Limited Partnership or Macerich Westcor Management Company.

(e) In the event of the death of a Participant, the benefits described in this Section 6.1 shall be paid to the Participant's Beneficiary in accordance with the Participant's election hereunder.

6.2 Small Benefits.

Notwithstanding anything herein contained to the contrary, if the amount distributable in a form other than a cash lump sum to a Participant (or to the Beneficiary of a Participant as a result of the Participant's death) is less than $10,000, such amount shall be paid in the form of a cash lump sum to the Participant (or Beneficiary); provided, however, that if this provision would cause amounts deferred under this Plan to be included in the income of a Participant prior to the date of distribution, this provision shall not apply and distributions to each Participant shall be in accordance his or her election under this Plan.

6.3 Change in Election of Time and Form of Distribution.

A Participant may elect to change his or her distribution election under Section 6.1 by filing a new election with the Committee; provided, however, that (i) no such election shall be effective until one year after the date on which the election is made, (ii) the first payment with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made (except for distributions on account of death or hardship distributions), and (iii) any election related to a payment that commences on any date other than the Payment Eligibility Date shall only be effective if it is made at least twelve months prior to the date of the first scheduled payment under such election.

ARTICLE VII
HARDSHIP DISTRIBUTIONS

7.1 Hardship Distribution.

(a) Upon written request of a Participant, the Committee may, in its sole discretion, make a lump sum payment and/or accelerate the payment of installment payments due to a Participant in order to meet a severe financial hardship to the Participant resulting from (1) an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Section 152(a) of the Code) of the Participant, (2) loss of the Participant's property due to casualty or (3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. However, no payment shall be made under this Section 7.1 to the extent that a hardship is or may be relieved (1) through reimbursement or compensation by insurance or otherwise or (2) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. The amount of any hardship lump sum payment and/or accelerated amount shall not exceed the lesser of (1) the amount required to meet the immediate financial need created by such hardship plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution or (2) the entire amounts credited to the Participant's Accounts. The amount of any such payment shall be deducted from the amount credited to the Participant's Accounts, pro rata from among each of the investment subaccounts of the Participant's Deferral Account and Company Matching Account. The remaining amounts credited to a Participant's Accounts shall be distributed in accordance with the Participant's distribution election.

ARTICLE VIII
ADMINISTRATION

8.1 Members.

A Committee shall be appointed by, and serve at the pleasure of, the Board of Directors. The number of members comprising the Committee shall be determined by the Board, which may from time to time vary the number of members. A member of the Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of the Committee shall be filled promptly by the Board.

8.2 Committee Action.

The Plan shall be administered by the Committee. The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.

8.3 Powers and Duties of the Committee.

(a) The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(1) To determine all questions relating to the eligibility of employees to participate;

(2) To construe and interpret the terms and provisions of this Plan;

(3) To compute the Earnings Rate for each Fund in accordance with the terms of the Plan;

(4) To compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;

(5) To maintain all records that may be necessary for the administration of the Plan;

(6) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(7) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof; and

(8) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe.

8.4 Construction and Interpretation.

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

8.5 Information.

To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the Compensation of all Participants, their death or other cause of termination, and such other pertinent facts as the Committee may require.

8.6 Compensation, Expenses and Indemnity.

(a) The members of the Committee shall serve without compensation for their services hereunder.

(b) The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

(c) To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

8.7 Quarterly Statements.

Under procedures established by the Committee, a Participant shall receive a statement with respect to such Participant's Accounts as soon as practicable following the end of each calendar quarter ending on March 31, June 30, September 30 or December 31.

ARTICLE IX
MISCELLANEOUS

9.1 Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

9.2 Restriction Against Assignment.

The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

9.3 Withholding.

(a) There shall be deducted from each payment made under the Plan all taxes which are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any payment by the amount of cash sufficient to provide the amount of said taxes.

(b) In the event that a Participant defers compensation in excess of the amount required to be withheld for federal, state or local tax purposes, the Company shall have the right to reduce any other payments to the Participant by the amount sufficient to provide the amount of said taxes.

9.4 Amendment, Modification, Suspension or Termination.

The Company may amend, modify, suspend or terminate the Plan in whole or in part. The Committee may amend the Plan to (a) ensure the Plan complies with the requirements of Section 409A of the Code for the deferral of taxation on deferred compensation to the time of distribution and (b) add provisions for changes to the deferral elections and elections as to the time and manner of distributions that comply with such requirements of Section 409A of the Code. Notwithstanding the foregoing rights of the Company and the Committee to amend the Plan, no amendment, modification, suspension or termination shall reduce any amounts allocated previously to a Participant's Accounts. In the event that this Plan is terminated, the amounts credited to a Participant's Deferral Account and Company Matching Account shall be distributed to the Participant or, in the event of his or her death, to his or her Beneficiary in a lump sum within thirty (30) days following the date of termination; provided, however, if the foregoing provision would cause the amounts deferred under this Plan to be included in the income of Participants prior to the date of distribution, such provision shall not apply and distributions to the Participants or their Beneficiaries shall be made on the dates on which the Participants or their Beneficiaries would receive benefits hereunder without regard to the termination of the Plan. Notwithstanding the foregoing, if amounts deferred under the Plan have become taxable to Participants as of the date of the Plan termination, distributions shall be made as soon as practicable following the termination of the Plan. The Company reserves the right to change the Funds as described in Section 3.2(d).

9.5 Governing Law.

The Plan shall be governed by and construed in accordance with Section 409A (or other applicable section) of the Code, and any regulations promulgated thereunder, and the laws of the State of California to the extent such laws are not preempted by the Employee Retirement Income Security Act of 1974, as amended.

9.6 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

9.7 Payments on Behalf of Persons under Incapacity.

In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefor, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee and the Company.

9.8 Headings, etc. Not Part of Agreement.

Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

9.9 Limitation on Participants' Rights.

Participation in this Plan shall not give any Eligible Employee the right to be retained in the Company's employ or any right or interest in the Plan other than as herein provided. The Company reserves the right to dismiss any Eligible Employee without any liability for any claim against the Company, except to the extent provided herein.

ARTICLE X
CLAIMS PROCEDURE

10.1 Claims Procedure.

(a) *Claim.* A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's then principal place of business. Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits, the Committee or its delegate shall notify the Claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Committee or its delegate shall provide the Claimant with a written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim.

(b) *Claim Decision.* In the case of an adverse benefit determination, the Committee or its delegate shall provide to the Claimant written or electronic notification setting forth in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the adverse benefit determination, (ii) reference to the specific Plan provisions on which the adverse benefit determination is based, (iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary, and (iv) a description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review.

(c) *Request for Review.* Within 60 days after receipt by the Claimant of notification of the adverse benefit determination, the Claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the Claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits. The Claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.

(d) *Review of Decision.* Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Committee or its delegate shall notify the Claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Committee or its delegate shall provide the Claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the Claimant written or electronic notification setting forth in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Plan provisions on which the adverse final benefit determination is based; (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits; and (iv) a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review.

IN WITNESS WHEREOF, the Company has caused this document to be executed by its duly authorized officers on this day of , 2004.

THE MACERICH COMPANY

By ______________________________

By ______________________________

QuickLinks

Exhibit 10.6.1

THE MACERICH COMPANY
2005 DEFERRED COMPENSATION PLAN
FOR SENIOR EXECUTIVES
(Effective January 1, 2005)

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THE MACERICH COMPANY
2005 DEFERRED COMPENSATION PLAN
FOR SENIOR EXECUTIVES
(Effective January 1, 2005)

The Macerich Company (the "Company") hereby establishes this deferred compensation plan (the "Plan"), effective January 1, 2005, to provide supplemental retirement income benefits through deferrals of salary and bonuses.

ARTICLE I
TITLE AND DEFINITIONS

1.1 Title.

This Plan shall be known as The Macerich Company 2005 Deferred Compensation Plan for Senior Executives.

1.2 Definitions.

Whenever the following words and phrases are used in this Plan, with the first letter capitalized, they shall have the meanings specified below.

"Account" or "Accounts" shall mean a Participant's Deferral Account and/or Company Matching Account.

"Beneficiary" means (a) in the case of a Participant who is a participant in the Prior Plan, the beneficiary designated under the Prior Plan by the Participant to receive benefits in the event of the Participant's death or (b) in the case of a Participant who is not a participant in the Prior Plan, the person or persons, including a trustee, personal representative or other fiduciary, last designated in writing by a Participant in accordance with procedures established by the Committee to receive the benefits specified hereunder in the event of the Participant's death. If there is no valid Beneficiary designation in effect, or if there is no surviving designated Beneficiary, then the Participant's surviving spouse shall be the Beneficiary. If there is no surviving spouse to receive any benefits payable in accordance with the preceding sentence, the duly appointed and currently acting personal representative of the Participant's estate (which shall include either the Participant's probate estate or living trust) shall be the Beneficiary. In any case where there is no such personal representative of the Participant's estate duly appointed and acting in that capacity within 90 days after the Participant's death (or such extended period as the Committee determines is reasonably necessary to allow such personal representative to be appointed, but not to exceed 180 days after the Participant's death), then Beneficiary shall mean the person or persons who can verify by affidavit or court order to the satisfaction of the Committee that they are legally entitled to receive the benefits specified hereunder. In the event any amount is payable under the Plan to a minor, payment shall not be made to the minor, but instead be paid (a) to that person's living parent(s) to act as custodian, (b) if that person's parents are then divorced, and one parent is the sole custodial parent, to such custodial parent, or (c) if no parent of that person is then living, to a custodian selected by the Committee to hold the funds for the minor under the Uniform Transfers or Gifts to Minors Act in effect in the jurisdiction in which the minor resides. If no parent is living and the Committee decides not to select another custodian to hold the funds for the minor, then payment shall be made to the duly appointed and currently acting guardian of the estate for the minor or, if no guardian of the estate for the minor is duly appointed and currently acting within 60 days after the date the amount becomes payable, payment shall be deposited with the court having jurisdiction over the estate of the minor.

"Board of Directors" or "Board" shall mean the Board of Directors of The Macerich Company.

"Bonus" shall mean any incentive compensation payable to a Participant in addition to the Participant's Salary prior to any deferrals under this Plan or any salary reduction contributions to a plan described in Section 401(k) of the Code or Section 125 of the Code.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Committee" shall mean the Committee appointed pursuant to Section 9.1 of this Plan.

"Company" shall mean The Macerich Company, its subsidiaries and successors and, where the context warrants, The Macerich Partnership, L.P., Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Westcor Realty Limited Partnership and Macerich Westcor Management Company.

"Company Matching Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with an amount equal to (1) the Company Matching Amount, and (2) earnings or losses thereon pursuant to Section 4.2.

"Company Matching Amount" shall mean an amount equal to a percentage, determined by the Company in its sole discretion, of the amount of Compensation deferred under the Plan for the Plan Year.

"Compensation" shall mean the Salary and Bonus that the Participant is entitled to for services rendered to the Company.

"Deferral Account" shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with amounts equal to (1) the portion of the Participant's Salary that he or she elects to defer, (2) the portion of the Participant's Bonus that he or she elects to defer, and (3) earnings or losses thereon pursuant to Section 4.1.

"Earnings Rate" shall mean, for each Fund, an amount equal to the net rate of gain or loss on the assets of such Fund determined for each business day.

"Effective Date" of this Plan shall mean January 1, 2005.

"Eligible Employee" for any Plan Year shall mean each key executive of the Company designated by the Committee whose annualized Salary is equal to or greater than $120,000. Notwithstanding the foregoing, any key executive of the Company designated by the Committee who is a participant in the Prior Plan shall be an Eligible Employee for purposes of this Plan.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Fund" or "Funds" shall mean one or more of the investment funds designated in Section 3.2(a).

"Key Employee" shall mean any Participant who is a "key employee" of the Company as defined in Section 416(i) of the Code.

"Participant" shall mean any Eligible Employee who elects to defer compensation in accordance with Section 3.1.

"Payment Eligibility Date" shall mean the first day of the month following the day on which a Participant terminates employment or dies; provided, however, that if a Participant is a Key Employee and his or her employment terminates for any reason other than death, then the Payment Eligibility Date shall mean the last day of the six-month period immediately following the Participant's termination of employment (or, if the Participant dies prior to the end of such six-month period, the date of the Participant's death). Notwithstanding the foregoing, a termination of employment shall not be deemed to have occurred for any purpose under the Plan unless such termination of employment constitutes a "separation from service" as defined under Section 409A (or other applicable section) of the Code and any regulations promulgated thereunder.

"Plan" shall mean The Macerich Company 2005 Deferred Compensation Plan for Senior Executives set forth herein, now in effect, or as amended from time to time.

"Plan Year" shall mean the 12 consecutive month period beginning on January 1 each year.

"Prior Plan" shall mean The Macerich Company Deferred Compensation Plan for Senior Executives, as amended.

"Salary" shall mean the Participant's base pay prior to any deferrals under this Plan or any other nonqualified elective plan of deferred compensation maintained by the Company or any salary reduction contributions to a plan described in Section 401(k) of the Code or Section 125 of the Code.

ARTICLE II
PARTICIPATION

2.1 Participation.

Participation in the Plan is voluntary. An Eligible Employee shall become a Participant in the Plan by electing to defer Compensation in accordance with Section 3.1.

ARTICLE III
DEFERRAL ELECTIONS

3.1 Elections to Defer Compensation.

(a) *Elections to Defer.* Each Eligible Employee may elect to defer Compensation for any Plan Year by filing with the Committee an election that conforms to the requirements of this Section 3.1, on a form provided by the Committee, no later than the December 15 immediately preceding such Plan Year (or such later date that the Committee determines, but in no event later than December 31) in which the Compensation is to be earned. The Committee shall notify each Eligible Employee of his or her eligibility to participate in the Plan at least 10 days prior to the time he or she must file an election for participation. Each participation election shall signify the portion of the Eligible Employee's Salary or Bonus, as applicable, that he or she elects to defer.

(b) *Amount of Deferrals.* Subject to the limitation described in the second sentence of this Section 3.1(b), the amount of Compensation that an Eligible Employee may elect to defer is as follows:

(1) Any percentage of Salary up to 50%, except that Mace Siegel, Dana Anderson, Arthur Coppola and Edward Coppola may each defer up to 100% of Salary, which Salary percentage shall be deferred ratably over the Plan Year; and/or

(2) Any percentage of Bonus, if any, up to 100%.

Notwithstanding the foregoing, the maximum amount of Compensation that an Eligible Employee may defer under this Plan and any other nonqualified elective plan of deferred compensation maintained by the Company shall be reduced by the amount of Compensation that the Eligible Employee could have deferred under any qualified cash or deferred arrangement as described in Section 401(k) of the Code (a "401(k) Plan") without violating Section 402(g) of the Code or the maximum elective contributions permitted under the terms of the 401(k) Plan.

(c) *Effect of Election.* An election to defer Salary for a Plan Year shall apply to all Salary earned during each pay period beginning in such Plan Year, and an election to defer Bonuses for a Plan Year shall apply to any Bonus earned during such Plan Year. Notwithstanding the foregoing, an individual who becomes an Eligible Employee during a Plan Year may elect to participate in the Plan during such Plan Year by filing such written application with the Committee no later than the 30th day following the date on which such individual becomes an Eligible Employee. An election filed in accordance with the preceding sentence shall be effective solely with respect to

Salary and that portion of any Bonus earned on or after the first day of the first complete pay period commencing after the filing of such election.

(d) *Irrevocability.* Any election filed pursuant to this Section 3.1 shall apply only prospectively and shall be irrevocable for the Plan Year (or portion thereof) to which such election applies.

(e) *Withholding Taxes.* Any deferral election that, either alone or in combination with a deferral election under this or any other nonqualified elective deferred compensation plan maintained by the Company (hereinafter referred to as an "Other Plan"), would reduce the Compensation payable to a Participant for a Plan Year to an amount less than the amount of federal, state and local withholding taxes applicable to his or her total deferred and nondeferred Compensation for such Plan Year and to any of his or her Company Matching Amounts (under this Plan and/or an Other Plan) that are subject to withholding taxes for such Plan Year shall be subject to the Company's receipt from the Participant of an amount equal to the excess of such withholding taxes over the nondeferred Compensation payable to the Participant (the "Withholding Tax Deficiency") on or before December 31 of such Plan Year. In the event that a Participant fails to timely pay to the Company the total amount of such Withholding Tax Deficiency, the Company shall reduce the amount credited to a Participant's Deferral Account under this Plan or to the Participant's account under an Other Plan or any combination thereof, in the Company's sole discretion, by an amount equal to the unpaid Withholding Tax Deficiency plus any additional withholding taxes due as a result of such reduction in the amount of the Participant's deferred Compensation for the Plan Year. In addition, in the event of a reduction in the amount of a Participant's Compensation that is deferred under this Plan pursuant to the preceding sentence, the Company shall reduce the amount of any Company Matching Amount under this Plan for the Participant for the Plan Year to reflect such reduction in the amount of deferred Compensation.

3.2 Investment Elections.

(a) At the time of making the first deferral election described in Section 3.1, the Participant shall designate, on a form provided by the Committee or otherwise in accordance with procedures established by the Committee, the Fund or Funds in which the Participant's deferrals under such election (and any subsequent deferral elections) and corresponding Company Matching Amounts will be deemed to be invested for purposes of determining the amount of earnings or losses to be credited to the Participant's Accounts. As of the Effective Date, the Funds shall be the following:

1. Northwestern Mutual Life Guaranteed Interest Fund
2. Northwestern Mutual Life Money Market Fund
3. Northwestern Mutual Life Select Bond Fund
4. Northwestern Mutual Life High Yield Bond Fund
5. Northwestern Mutual Life Balanced Fund
6. Northwestern Mutual Life Index 500 Stock Fund
7. Mason Street Advisors Large Cap Core Stock Fund
8. Northwestern Mutual Life Growth Stock Fund
9. Franklin Templeton International Equity Fund
10. Northwestern Mutual Life Aggressive Growth Stock Fund
11. Northwestern Mutual Life Index 400 Stock Fund

12. Russell Real Estate Securities Fund

13. T. Rowe Price Small Cap Value Fund

(b) In making the designation pursuant to this Section 3.2, the Participant must specify, in whole numbers, the percentage of his or her Deferral Account and Company Matching Account that shall be deemed to be invested in one or more of the Funds. Effective as of the end of the day on which the Committee receives the Participant's election, a Participant may change the designation made under this Section 3.2 by filing an election in accordance with procedures established by the Committee. If a Participant fails to elect a Fund under this Section 3.2, he or she shall be deemed to have elected the Northwestern Mutual Life Money Market Fund.

(c) The Earnings Rate of each Fund shall be used to determine the amount of earnings or losses to be credited to the Participant's Accounts under Article IV. The Company reserves the right to increase or decrease the number of the Funds listed in Section 3.2(a), as well as the right to designate other investment funds as the Funds (instead of those currently listed in Section 3.2(a)) for purposes of this Plan.

(d) Notwithstanding the Participant's ability to designate the Funds in which his or her Accounts shall be deemed to be invested, the Company shall have no obligation to invest any funds in accordance with any Participant's election. A Participant's Accounts shall merely be bookkeeping entries on the Company's books, and no Participant shall obtain any interest in any Funds.

ARTICLE IV
PARTICIPANT ACCOUNTS

4.1 Deferral Account.

The Committee shall establish and maintain a Deferral Account for each Participant under the Plan. Each Participant's Deferral Account shall be divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by the Participant pursuant to Section 3.2. A Participant's Deferral Account shall be credited as follows:

(a) As of the last date of each month, the Committee shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to Salary deferred by the Participant during each pay period ending in that month in accordance with the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Salary that the Participant has elected to be deemed to be invested in a certain Fund shall be credited to the investment fund subaccount corresponding to that Fund;

(b) As of the last day of the month in which the Bonus or partial Bonus would have been paid, the Committee shall credit the investment fund subaccounts of the Participant's Deferral Account with an amount equal to the portion of the Bonus deferred by the Participant's election under Section 3.2(a); that is, the portion of the Participant's deferred Bonus that the Participant has elected to be deemed to be invested in a particular Fund shall be credited to the investment fund subaccount corresponding to that Fund; and

(c) As of the end of each business day, each investment fund subaccount of a Participant's Deferral Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance of such investment fund subaccount as of the end of the prior business day by the Earnings Rate for the corresponding Fund for the day of crediting.

4.2 Company Matching Account.

The Committee shall establish and maintain a separate Company Matching Account for each Participant under the Plan. Each Participant's Company Matching Account shall be divided into separate investment fund subaccounts corresponding to the investment funds elected by the Participant pursuant to Section 3.2. A Participant's Company Matching Account shall be credited as follows:

(a) As of the last day of each Plan Year or at more frequent intervals as determined by the Committee, the Company shall credit the investment fund subaccounts of the Participant's Company Matching Account with an amount equal to the Company Matching Amount, if any, applicable to that Participant; that is, the portion of the Company Matching Amount, if any, which the Participant elected to be deemed to be invested in a certain Fund shall be credited to the corresponding investment fund subaccount; and

(b) As of the end of each business day, each investment fund subaccount of a Participant's Company Matching Amount shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance of such investment fund subaccount as of the end of the prior business day by the Earnings Rate for the corresponding Fund for the day of crediting.

In addition, the Company may at any time direct the Committee to credit a Participant's Company Matching Account with such additional amount that the Company has determined, for any reason, to credit to such Participant.

ARTICLE V
VESTING

5.1 Deferral Account.

A Participant's Deferral Account shall at all times be 100% vested.

5.2 Company Matching Account.

A Participant's Company Matching Account shall at all times be 100% vested.

ARTICLE VI
DISTRIBUTIONS

6.1 Time and Form of Distribution.

(a) The amount credited to a Participant's Deferral Account and the amount credited to his or her Company Matching Account shall be paid to the Participant (or, in the case of his or her death, Beneficiary) in the form of a cash lump sum payment on his or her Payment Eligibility Date. Notwithstanding the foregoing, on a distribution election form filed simultaneously with and in the same manner as the first deferral election form that a Participant files in accordance with the provisions of Section 3.1 hereof, a Participant may elect to have the amounts credited to his or her Accounts distributed to him or her in any one of the following optional forms of distribution:

(1) A scheduled in-service distribution on a specified date (no earlier than January 1 of the year following the Participant's first year of participation in the Plan) of all or a specified percentage of the amount credited to the Participant's Accounts (as of the specified date), with all remaining amounts then credited or subsequently credited to the Participant's Accounts distributed in a lump sum on the Participant's Payment Eligibility Date; provided that, if the Participant's Payment Eligibility Date occurs prior to the scheduled in-service distribution date, then the total amount credited to the Participant's Accounts will be paid in a lump sum payment on the Participant's Payment Eligibility Date;

(2) A cash lump sum payable on the later of some specified date or the Participant's Payment Eligibility Date;

(3) A specified number of substantially equal monthly installments (not to exceed 180) commencing on the later of a specified date or the Participant's Payment Eligibility Date;

(4) A specified number of substantially equal annual installments (not to exceed 15) commencing on the later of a specified date or the Participant's Payment Eligibility Date; or

(5) Any other method selected by the Participant that is approved by the Committee in its sole and absolute discretion, provided that payment is not made or payments do not begin before the Participant's Payment Eligibility Date.

(b) An election made under Section 6.1(a) shall apply to all amounts deferred for all Plan Years under this Plan and may be changed only in accordance with Section 6.3.

(c) The Participant's Accounts shall continue to be credited with earnings or losses pursuant to Article IV of the Plan until all amounts credited to his or her Accounts under the Plan have been distributed.

(d) For all purposes under this Plan, a Participant shall not be considered terminated from employment if the Participant remains employed by The Macerich Company, any of its subsidiaries, The Macerich Partnership, L.P., Macerich Property Management Company, LLC, Macerich Management Company, Westcor Partners, LLC, Westcor Realty Limited Partnership or Macerich Westcor Management Company.

(e) In the event of the death of a Participant, the benefits described in this Section 6.1 shall be paid to the Participant's Beneficiary in accordance with the Participant's election hereunder.

6.2 Small Benefits.

Notwithstanding anything herein contained to the contrary, if the amount distributable in a form other than a cash lump sum to a Participant (or to the Beneficiary of a Participant as a result of the

Participant's death) is less than $10,000, such amount shall be paid in the form of a cash lump sum to the Participant (or Beneficiary); provided, however, that if this provision would cause amounts deferred under this Plan to be included in the income of a Participant prior to the date of distribution, this provision shall not apply and distributions to each Participant shall be in accordance his or her election under this Plan.

6.3 Change in Election of Time and Form of Distribution.

A Participant may elect to change his or her distribution election under Section 6.1 by filing a new election with the Committee; provided, however, that (i) no such election shall be effective until one year after the date on which the election is made, (ii) the first payment with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made (except for distributions on account of death or hardship distributions), and (iii) any election related to a payment that commences on any date other than the Payment Eligibility Date shall only be effective if it is made at least twelve months prior to the date of the first scheduled payment under such election.

ARTICLE VII
HARDSHIP DISTRIBUTIONS

7.1 Hardship Distribution.

(a) Upon written request of a Participant, the Committee may, in its sole discretion, make a lump sum payment and/or accelerate the payment of installment payments due to a Participant in order to meet a severe financial hardship to the Participant resulting from (1) an illness or accident of the Participant, the Participant's spouse or a dependent (as defined in Section 152(a) of the Code) of the Participant, (2) loss of the Participant's property due to casualty, or (3) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. However, no payment shall be made under this Section 7.1 to the extent that a hardship is or may be relieved (1) through reimbursement or compensation by insurance or otherwise or (2) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. The amount of any hardship lump sum payment and/or accelerated amount shall not exceed the lesser of (1) the amount required to meet the immediate financial need created by such hardship plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution or (2) the entire amounts credited to the Participant's Accounts. The amount of any such payment shall be deducted from the amount credited to the Participant's Accounts, pro rata from among each of the investment subaccounts of the Participant's Deferral Account and Company Matching Account. The remaining amounts credited to a Participant's Accounts shall be distributed in accordance with the Participant's distribution election.

ARTICLE VIII
LIFE INSURANCE FOR ELIGIBLE EMPLOYEES

8.1 Life Insurance Coverage.

Each Eligible Employee shall be eligible for life insurance coverage pursuant to the provisions of Article VIII of the Company's Deferred Compensation Plan for Senior Executives.

ARTICLE IX
ADMINISTRATION

9.1 Members.

A Committee shall be appointed by, and serve at the pleasure of, the Board of Directors. The number of members comprising the Committee shall be determined by the Board, which may from time to time vary the number of members. A member of the Committee may resign by delivering a written notice of resignation to the Board. The Board may remove any member by delivering a certified copy of its resolution of removal to such member. Vacancies in the membership of the Committee shall be filled promptly by the Board.

9.2 Committee Action.

The Plan shall be administered by the Committee. The Committee shall act at meetings by affirmative vote of a majority of the members of the Committee. Any action permitted to be taken at a meeting may be taken without a meeting if, prior to such action, a written consent to the action is signed by all members of the Committee and such written consent is filed with the minutes of the proceedings of the Committee. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant. The Chairman or any other member or members of the Committee designated by the Chairman may execute any certificate or other written direction on behalf of the Committee.

9.3 Powers and Duties of the Committee.

(a) The Committee, on behalf of the Participants and their Beneficiaries, shall enforce the Plan in accordance with its terms, shall be charged with the general administration of the Plan, and shall have all powers necessary to accomplish its purposes, including, but not by way of limitation, the following:

(1) To determine all questions relating to the eligibility of employees to participate;

(2) To construe and interpret the terms and provisions of this Plan;

(3) To compute the Earnings Rate for each Fund in accordance with the terms of the Plan;

(4) To compute and certify to the amount and kind of benefits payable to Participants and their Beneficiaries;

(5) To maintain all records that may be necessary for the administration of the Plan;

(6) To provide for the disclosure of all information and the filing or provision of all reports and statements to Participants, Beneficiaries or governmental agencies as shall be required by law;

(7) To make and publish such rules for the regulation of the Plan and procedures for the administration of the Plan as are not inconsistent with the terms hereof; and

(8) To appoint a plan administrator or any other agent, and to delegate to them such powers and duties in connection with the administration of the Plan as the Committee may from time to time prescribe.

9.4 Construction and Interpretation.

The Committee shall have full discretion to construe and interpret the terms and provisions of this Plan, which interpretation or construction shall be final and binding on all parties, including but not limited to the Company and any Participant or Beneficiary. The Committee shall administer such terms and provisions in a uniform and nondiscriminatory manner and in full accordance with any and all laws applicable to the Plan.

9.5 Information.

To enable the Committee to perform its functions, the Company shall supply full and timely information to the Committee on all matters relating to the Compensation of all Participants, their death or other cause of termination, and such other pertinent facts as the Committee may require.

9.6 Compensation, Expenses and Indemnity.

(a) The members of the Committee shall serve without compensation for their services hereunder.

(b) The Committee is authorized at the expense of the Company to employ such legal counsel as it may deem advisable to assist in the performance of its duties hereunder. Expenses and fees in connection with the administration of the Plan shall be paid by the Company.

(c) To the extent permitted by applicable state law, the Company shall indemnify and save harmless the Committee and each member thereof, the Board of Directors and any delegate of the Committee who is an employee of the Company against any and all expenses, liabilities and claims, including legal fees to defend against such liabilities and claims arising out of their discharge in good faith of responsibilities under or incident to the Plan, other than expenses and liabilities arising out of willful misconduct. This indemnity shall not preclude such further indemnities as may be available under insurance purchased by the Company or provided by the Company under any bylaw, agreement or otherwise, as such indemnities are permitted under state law.

9.7 Quarterly Statements.

Under procedures established by the Committee, a Participant shall receive a statement with respect to such Participant's Accounts as soon as practicable following the end of each calendar quarter ending on March 31, June 30, September 30 or December 31.

ARTICLE X
MISCELLANEOUS

10.1 Unsecured General Creditor.

Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, claims, or interest in any specific property or assets of the Company. No assets of the Company shall be held under any trust, or held in any way as collateral security for the fulfilling of the obligations of the Company under this Plan. Any and all of the Company's assets shall be, and remain, the general, unpledged, unrestricted assets of the Company. The Company's obligation under the Plan shall be merely that of an unfunded and unsecured promise of the Company to pay money in the future, and the rights of the Participants and Beneficiaries shall be no greater than those of unsecured general creditors.

10.2 Restriction Against Assignment.

The Company shall pay all amounts payable hereunder only to the person or persons designated by the Plan and not to any other person or corporation. No part of a Participant's Accounts shall be liable for the debts, contracts, or engagements of any Participant, his or her Beneficiary, or successors in interest, nor shall a Participant's Accounts be subject to execution by levy, attachment, or garnishment or by any other legal or equitable proceeding, nor shall any such person have any right to alienate, anticipate, commute, pledge, encumber, or assign any benefits or payments hereunder in any manner whatsoever. If any Participant, Beneficiary or successor in interest is adjudicated bankrupt or purports to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge any distribution or payment from the Plan, voluntarily or involuntarily, the Committee, in its discretion, may cancel such distribution or payment (or any part thereof) to or for the benefit of such Participant, Beneficiary or successor in interest in such manner as the Committee shall direct.

10.3 Withholding.

(a) There shall be deducted from each payment made under the Plan all taxes which are required to be withheld by the Company in respect to such payment. The Company shall have the right to reduce any payment by the amount of cash sufficient to provide the amount of said taxes.

(b) In the event that a Participant defers compensation in excess of the amount required to be withheld for federal, state or local tax purposes, the provisions of Section 3.1(e) shall apply.

10.4 Amendment, Modification, Suspension or Termination.

The Company may amend, modify, suspend or terminate the Plan in whole or in part. The Committee may amend the Plan to (a) ensure the Plan complies with the requirements of Section 409A of the Code for the deferral of taxation on deferred compensation to the time of distribution and (b) add provisions for changes to the deferral elections and elections as to the time and manner of distributions that comply with such requirements of Section 409A of the Code. Notwithstanding the foregoing rights of the Company and the Committee to amend the Plan, no amendment, modification, suspension or termination shall reduce any amounts allocated previously to a Participant's Accounts. In the event that this Plan is terminated, the amounts credited to a Participant's Deferral Account and Company Matching Account shall be distributed to the Participant or, in the event of his or her death, to his or her Beneficiary in a lump sum within thirty (30) days following the date of termination; provided, however, if the foregoing provision would cause the amounts deferred under this Plan to be included in the income of Participants prior to the date of distribution, such provision shall not apply and distributions to the Participants or their Beneficiaries shall be made on the dates on which the Participants or their Beneficiaries would receive benefits hereunder without regard to the termination of the Plan. Notwithstanding the foregoing, if amounts deferred under the Plan have become taxable to Participants as of the date of the Plan termination, distributions shall be made as soon as practicable following the termination of the Plan. The Company reserves the right to change the Funds as described in Section 3.2(d).

10.5 Governing Law.

The Plan shall be governed by and construed in accordance with Section 409A (or other applicable section) of the Code, and any regulations promulgated thereunder, and the laws of the State of California to the extent such laws are not preempted by the Employee Retirement Income Security Act of 1974, as amended.

10.6 Receipt or Release.

Any payment to a Participant or the Participant's Beneficiary in accordance with the provisions of the Plan shall, to the extent thereof, be in full satisfaction of all claims against the Committee and the Company. The Committee may require such Participant or Beneficiary, as a condition precedent to such payment, to execute a receipt and release to such effect.

10.7 Payments on Behalf of Persons under Incapacity.

In the event that any amount becomes payable under the Plan to a person who, in the sole judgment of the Committee, is considered by reason of physical or mental condition to be unable to give a valid receipt therefor, the Committee may direct that such payment be made to any person found by the Committee, in its sole judgment, to have assumed the care of such person. Any payment made pursuant to such determination shall constitute a full release and discharge of the Committee and the Company.

10.8 Headings, etc. Not Part of Agreement.

Headings and subheadings in this Plan are inserted for convenience of reference only and are not to be considered in the construction of the provisions hereof.

10.9 Limitation on Participants' Rights.

Participation in this Plan shall not give any Eligible Employee the right to be retained in the Company's employ or any right or interest in the Plan other than as herein provided. The Company reserves the right to dismiss any Eligible Employee without any liability for any claim against the Company, except to the extent provided herein.

ARTICLE XI
CLAIMS PROCEDURE

11.1 Claims Procedure.

(a) *Claim.* A person who believes that he or she is being denied a benefit to which he or she is entitled under this Plan (hereinafter referred to as "Claimant") may file a written request for such benefit with the Committee, setting forth his or her claim. The request must be addressed to the Committee at the Company's then principal place of business. Within a reasonable period of time, but not later than 90 days after receipt of a claim for benefits, the Committee or its delegate shall notify the Claimant of any adverse benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 90 days from the end of the initial 90-day period. If an extension is necessary, the Committee or its delegate shall provide the Claimant with a written notice to this effect prior to the expiration of the initial 90-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a determination on the claim.

(b) *Claim Decision.* In the case of an adverse benefit determination, the Committee or its delegate shall provide to the Claimant written or electronic notification setting forth in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the adverse benefit determination, (ii) reference to the specific Plan provisions on which the adverse benefit determination is based, (iii) a description of any additional material or information necessary for the Claimant to perfect the claim and an explanation of why the material or information is necessary, and (iv) a description of the Plan's claim review procedures and the time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review.

(c) *Request for Review.* Within 60 days after receipt by the Claimant of notification of the adverse benefit determination, the Claimant or his duly authorized representative, upon written application to the Committee, may request that the Committee fully and fairly review the adverse benefit determination. On review of an adverse benefit determination, upon request and free of charge, the Claimant shall have reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits. The Claimant shall have the opportunity to submit written comments, documents, records, and other information relating to the claim for benefits. The Committee's (or delegate's) review shall take into account all comments, documents, records, and other information submitted regardless of whether the information was previously considered in the initial adverse benefit determination.

(d) *Review of Decision.* Within a reasonable period of time, but not later than 60 days after receipt of such request for review, the Committee or its delegate shall notify the Claimant of any final benefit determination on the claim, unless special circumstances require an extension of time for processing the claim. In no event may the extension period exceed 60 days from the end of the initial 60-day period. If an extension is necessary, the Committee or its delegate shall provide the Claimant with a written notice to this effect prior to the expiration of the initial 60-day period. The notice shall describe the special circumstances requiring the extension and the date by which the Committee or its delegate expects to render a final determination on the request for review. In the case of an adverse final benefit determination, the Committee or its delegate shall provide to the Claimant written or electronic notification setting forth in a manner calculated to be understood by the Claimant: (i) the specific reason or reasons for the adverse final benefit determination; (ii) reference to the specific Plan provisions on which the adverse final benefit determination is based; (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant to the Claimant's claim for benefits; and (iv) a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse final benefit determination on review.

IN WITNESS WHEREOF, the Company has caused this document to be executed by its duly authorized officers on this day of , 2004.

THE MACERICH COMPANY

By ____________________________

By ____________________________

QuickLinks

[Exhibit 10.6.1](#)

Exhibit 10.7

THE MACERICH COMPANY

ELIGIBLE DIRECTORS'
DEFERRED COMPENSATION/PHANTOM STOCK PLAN
(As Amended and Restated as of January 1, 2005)

THE MACERICH COMPANY

ELIGIBLE DIRECTORS'
DEFERRED COMPENSATION/PHANTOM STOCK PLAN
(As Amended and Restated as of January 1, 2005)

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THE MACERICH COMPANY

ELIGIBLE DIRECTORS'
DEFERRED COMPENSATION/PHANTOM STOCK PLAN
(As Amended and Restated as of January 1, 2005)

ARTICLE I
TITLE, PURPOSE AND AUTHORIZED SHARES

This Plan shall be known as "The Macerich Company Eligible Directors' Deferred Compensation/Phantom Stock Plan." The purpose of this Plan is to attract, motivate and retain experienced and knowledgeable directors of The Macerich Company by permitting them to defer compensation and affording them the opportunity to link that compensation to an equity interest in the Company. The total number of shares of Common Stock that may be delivered pursuant to awards under this Plan is 250,000, subject to adjustments contemplated by Section 5.6.

ARTICLE II
DEFINITIONS

Whenever the following terms are used in this Plan they shall have the meaning specified below unless the context clearly indicates to the contrary:

2.1 ***Account*** shall mean one or more of an Eligible Director's Cash Account(s), Stock Unit Account(s), Dividend Equivalent Cash Account(s) and Dividend Equivalent Stock Account(s). Each Account includes, to the extent applicable, any Distribution Subaccounts.

2.2 ***Average Fair Market Value*** shall mean the average of the Fair Market Values of a share of Common Stock of the Company during the last 10 trading days preceding the Award Date.

2.3 ***Award Date*** with reference to elections under Section 4.2 shall mean the January 1 that next follows the date of an Eligible Director's election made pursuant to Section 4.2. Award Date with reference to elections under Section 4.1(a) shall mean August 3, 1994, with reference to elections under Section 4.1(b) shall mean February 1, 1995, and with reference to elections under Section 4.1(c) shall mean the date next following the date that the Eligible Director files his or her election under Section 4.1(c).

2.4 ***Board of Directors*** shall mean the Board of Directors of the Company.

2.5 ***Cash Account*** shall mean a Current Cash Account and/or a Prior Cash Account.

2.6 ***Change in Control Event*** shall have the meaning specified for such term under The Macerich Company Amended and Restated 1994 Incentive Plan, as amended from time to time.

2.7 ***Code*** shall mean the Internal Revenue Code of 1986, as amended.

2.8 ***Common Stock*** shall mean the Common Stock of the Company.

2.9 ***Committee*** shall mean a Committee of the Board of Directors acting in accordance with Article VI and applicable Maryland law, or the Board of Directors.

2.10 ***Company*** shall mean The Macerich Company, a Maryland corporation, and its successors and assigns.

2.11 ***Compensation*** shall mean the annual retainer and regular meeting fees payable by the Company to an Eligible Director for a calendar year.

2.12 ***Current Cash Account*** shall mean a bookkeeping account maintained by the Company on behalf of each Eligible Director who elects to defer Compensation and Special Meeting Fees earned after December 31, 2004 in cash in accordance with Section 5.1.

2.13 ***Current Dividend Equivalent Cash Account*** shall mean a bookkeeping account maintained by the Company on behalf of an Eligible Director that is credited with Dividend Equivalents in the form of cash deferrals attributable to Stock Units credited to the Eligible Director's Current Stock Unit Account (with respect to Compensation and Special Meeting Fees earned after December 31, 2004) in accordance with Section 5.3(b)(1).

2.14 ***Current Dividend Equivalent Stock Account*** shall mean a bookkeeping account maintained by the Company on behalf of an Eligible Director that is credited with Dividend Equivalents in the form of Stock Units attributable to Stock Units credited to the Eligible Director's Current Stock Unit Account (with respect to Compensation and Special Meeting Fees earned after December 31, 2004) in accordance with Section 5.3(c)(1).

2.15 ***Current Stock Unit Account*** shall mean a bookkeeping account maintained by the Company on behalf of each Eligible Director who elects to defer Compensation and Special Meeting Fees earned after December 31, 2004 in Stock Units in accordance with Section 5.2.

2.16 ***Disability*** shall mean a medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months that renders an Eligible Director unable to engage in any substantial gainful activity.

2.17 ***Discount Rate*** shall mean an interest rate equal to 5% per annum.

2.18 ***Disinterested Director*** shall mean a member of the Board of Directors who is not generally disqualified from making decisions concerning this Plan or all actions hereunder under any applicable legal requirements, but in no event shall a member of the Board of Directors participate in any decision affecting only his or her benefits under this Plan.

2.19 ***Distribution Subaccount*** shall mean a subaccount of an Eligible Director's Account established to separately account for deferred Compensation and Special Meeting Fees (and Dividend Equivalents or other earnings or losses thereon) that are subject to different distribution elections.

2.20 ***Dividend Equivalent*** shall mean the amount of cash dividends or other cash distributions paid by the Company after January 31, 1995 on that number of shares of Common Stock equivalent to the number of Stock Units then credited to an Eligible Director's Stock Unit Account, or Stock Unit Accounts, as applicable, and Dividend Equivalent Stock Account, or Dividend Equivalent Stock Accounts, as applicable, which amount shall be allocated as additional Stock Units to the Eligible Director's Dividend Equivalent Stock Account(s) or as additional deferrals to the Eligible Director's Dividend Equivalent Cash Account(s), as provided in Section 5.3.

2.21 ***Dividend Equivalent Cash Account*** shall mean a Current Dividend Equivalent Cash Account and/or a Prior Dividend Equivalent Cash Account.

2.22 ***Dividend Equivalent Stock Account*** shall mean a Current Dividend Equivalent Stock Account and/or a Prior Dividend Equivalent Stock Account.

2.23 ***Effective Date*** shall mean July 29, 1994.

2.24 ***Eligible Director*** shall mean a member of the Board of Directors of the Company who is compensated in such capacity and (as to any outstanding Account balances under this Plan) any such person who has Account balances under the Plan.

2.25 ***Exchange Act*** shall mean the Securities Exchange Act of 1934, as amended from time to time.

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

2.27 ***Interest Rate*** shall mean the rate that is 120% of the federal long-term rate for compounding on a quarterly basis, determined and published by the Secretary of the United States Department of Treasury under Section 1274(d) of the Code, for the month in which interest is credited.

2.28 ***Plan*** shall mean The Macerich Company Eligible Directors' Deferred Compensation/Phantom Stock Plan, as amended from time to time.

2.29 ***Plan Year*** shall mean the applicable calendar year.

2.30 ***Prior Cash Account*** shall mean a bookkeeping account maintained by the Company on behalf of each Eligible Director who elects to defer Compensation and Special Meeting Fees earned before January 1, 2005 in cash in accordance with Section 5.1.

2.31 ***Prior Dividend Equivalent Cash Account*** shall mean a bookkeeping account maintained by the Company on behalf of an Eligible Director that is credited with Dividend Equivalents in the form of cash deferrals attributable to Stock Units credited to the Eligible Director's Prior Stock Unit Account (with respect to Compensation and Special Meeting Fees earned before January 1, 2005) in accordance with Section 5.3(b)(2).

2.32 ***Prior Dividend Equivalent Stock Account*** shall mean a bookkeeping account maintained by the Company on behalf of an Eligible Director that is credited with Dividend Equivalents in the form of Stock Units attributable to Stock Units credited to the Eligible Director's Prior Stock Unit Account (with respect to Compensation and Special Meeting Fees earned before January 1, 2005) in accordance with Section 5.3(c)(2).

2.33 ***Prior Stock Unit Account*** shall mean a bookkeeping account maintained by the Company on behalf of each Eligible Director who elects to defer Compensation and Special Meeting Fees earned before January 1, 2005 in Stock Units in accordance with Section 5.2.

2.34 ***Special Meeting Fees*** shall mean the meeting fees that are paid by the Company after January 31, 1995 to an Eligible Director for meetings during a deferral period in addition to the regular meetings contemplated at the time of a deferral election for that deferral period.

2.35 ***Stock Unit or Unit*** shall mean a non-voting unit of measurement that is deemed for bookkeeping purposes to be equivalent to one outstanding share of Common Stock of the Company solely for purposes of this Plan.

2.36 ***Stock Unit Account*** shall mean a Current Stock Unit Account and/or a Prior Stock Unit Account.

2.37 ***Unforeseeable Emergency*** shall mean a severe financial hardship to the Eligible Director resulting from an illness or accident of the Eligible Director, the Eligible Director's spouse or a dependent (as defined in Section 152(a) of the Code) of the Eligible Director, loss to the Eligible Director's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Eligible Director.

ARTICLE III
PARTICIPATION

Each Eligible Director shall become a participant in the Plan by electing to defer his or her Compensation or Special Meeting Fees in accordance with Article IV.

ARTICLE IV
DEFERRAL ELECTIONS

4.1 ***Initial Elections*.**

(a) ***Initial Election for Compensation Earned from July 31, 1994 through December 31, 1994*.** On or before July 31, 1994, each Eligible Director may make an irrevocable election to defer 100% of the portion of his or her Compensation payable for services to be rendered by the Eligible Director from July 31, 1994 through December 31, 1994 in (1) cash, in accordance with Section 5.1, or (2) Stock Units in accordance with Section 5.2. Such election shall be in writing on forms provided by the Company and approved by the Committee.

(b) ***Initial Election for Compensation and Special Meeting Fees Earned during 1995, 1996 and 1997*.** On or before July 31, 1994, each Eligible Director may make an irrevocable election to defer 100% of the portion of his or her Compensation and Special Meeting Fees payable for services to be rendered by the Eligible Director during the next one, two, or three calendar years in (1) cash, in accordance with Section 5.1, or (2) Stock Units, in accordance with Section 5.2. Such election shall be in writing on forms provided by the Company and approved by the Committee.

(c) ***Initial Election for New Directors*.** On or before the 30^{th} day after first becoming an Eligible Director, a new Eligible Director may make an irrevocable election to defer all or a portion (in 10% increments) of his or her Compensation and/or Special Meeting Fees payable for services to be rendered by the Eligible Director after the date such election is filed with the Committee and during the remainder of the calendar year during which the Eligible Director first becomes an Eligible Director and/or during the next one or two calendar years in (a) cash, in accordance with Section 5.1, or (b) Stock Units, in accordance with Section 5.2. Such election shall be in writing on a form provided by the Company and approved by the Committee and must be filed no later than the 30^{th} day following the date that the Eligible Director first becomes an Eligible Director. Such election may also specify that the amounts deferred pursuant to such election shall be paid under one of the optional forms of benefits set forth in Section 5.5(a).

4.2 ***Subsequent Annual Elections*.**

(a) ***General Rule*.** On or before the date set forth in the applicable election agreement (but in no event later than December 31 of the year preceding the first year to which the election applies), each Eligible Director may make an irrevocable election to defer all or a portion (in 10% increments) of his or her Compensation and/or Special Meeting Fees payable for services to be rendered by the Eligible Director during the next one, two, or three calendar years in (a) cash, in accordance with Section 5.1, or (b) Stock Units, in accordance with Section 5.2. Such election shall be in writing on forms provided by the Company and approved by the Committee. Such election may also specify that the amounts deferred pursuant to such election shall be paid under one of the optional time and forms of distribution set forth in Section 5.5(a).

(b) ***Special Rule for 2005 and 2006 Deferrals*.** Any Eligible Director who filed a deferral election under this Plan prior to December 31, 2003 with respect to Compensation and/or Special Meeting Fees to be earned in 2005 and/or 2006 (a "Pre-Existing Deferral Election") may file a new distribution election with respect to amounts to be deferred in 2005 and/or 2006 pursuant to such Pre-Existing Deferral Election (the "2005-2006 Deferrals") no later than December 31, 2005.

If the Eligible Director does not file such a distribution election for such 2005-2006 Deferrals, then he or she shall be deemed to have elected to receive a distribution of his 2005-2006 Deferrals as provided in the Eligible Director's most recent effective distribution election filed prior to December 31, 2004 with the Committee in accordance with Section 5.5A(b) with respect to all amounts deferred under such Pre-Existing Deferral Election. Any further changes to the time and manner of distribution of the Participant's 2005-2006 Deferrals shall be made in accordance with, and governed by, the provisions of Section 5.5(b) and not Section 5.5A(b).

ARTICLE V
DEFERRAL ACCOUNTS

5.1 ***Cash Account*.**

(a) ***Current Cash Account*.** Effective January 1, 2005, if an Eligible Director has elected or elects in accordance with Article IV to defer Compensation and/or Special Meeting Fees earned after December 31, 2004 in cash, the Committee shall establish and maintain a Cash Account for the Eligible Director under the Plan, which Account shall be a memorandum account on the books of the Company and shall be such Eligible Director's "Current Cash Account." An Eligible Director's Current Cash Account shall be credited as follows:

(1) As of the last day of each calendar quarter, the Committee shall credit the Eligible Director's Current Cash Account with an amount equal to the elected percentage of the Compensation deferred by the Eligible Director during such quarter;

(2) As of the date payment of any Special Meeting Fees would otherwise be made, the Eligible Director's Current Cash Account shall be credited with an amount equal to the elected percentage of the Eligible Director's Special Meeting Fees; and

(3) As of the last day of each calendar quarter, the Eligible Director's Current Cash Account shall be credited with earnings equal to an amount determined by multiplying the balance credited to such Account as of the last day of the preceding quarter by one-fourth of the Interest Rate.

(b) ***Prior Cash Account*.** Effective January 1, 2005, the Cash Account (if any) established for an Eligible Director prior to January 1, 2005 shall be that Eligible Director's "Prior Cash Account," and no amount of Compensation or Special Meeting Fees earned after December 31, 2004 that such Eligible Director elects to defer under this Plan shall be credited to such Prior Cash Account. As of the last day of each calendar quarter, the Eligible Director's Prior Cash Account shall be credited with earnings equal to an amount determined by multiplying the balance credited to such Account as of the last day of the preceding quarter by one-fourth of the Interest Rate.

5.2 ***Stock Unit Account*.**

(a) ***Current Stock Unit Account*.** Effective January 1, 2005, if an Eligible Director has elected or elects in accordance with Article IV to defer his or her Compensation and/or Special Meeting Fees earned after December 31, 2004 in Stock Units, the Committee shall establish and maintain a Stock Unit Account for the Eligible Director under the Plan, which Account shall be a memorandum account on the books of the Company and shall be such Eligible Director's "Current Stock Unit Account." An Eligible Director's Current Stock Account shall be credited as follows:

(1) ***Regular Compensation*.** If an Eligible Director has elected or elects to defer his or her Compensation earned after December 31, 2004 in Stock Units, the Committee shall credit on the Award Date to the Current Stock Unit Account of the Eligible Director a number of Units determined by dividing the present value of the Compensation deferred by the Eligible Director by the Average Fair Market Value of a share of Common Stock. The present value shall be computed assuming the Compensation deferred would have been paid on the first day of the calendar year to which it relates (or, in the case of Compensation deferred under an election under Section 4.1(c) for the remainder of the calendar year in which the Eligible Director first becomes an Eligible Director, on the Award Date) at the prevailing rate of Compensation at the time of the election made in accordance with Article IV, discounted to present value using the Discount Rate.

(2) ***Special Meeting Fees*****.** If an Eligible Director has elected or elects to defer his or her Special Meeting Fees earned after December 31, 2004 in Stock Units, the Committee shall, on the March 1st following the year in which the Special Meetings occurred, credit the Eligible Director's Current Stock Unit Account with an amount of Units determined by dividing the amount of the Eligible Director's Special Meeting Fees deferred by the Fair Market Value of a share of Common Stock as of the date of the Special Meeting.

(b) ***Prior Stock Unit Account*****.** Effective January 1, 2005, the Stock Units Account (if any) established for an Eligible Director prior to January 1, 2005 shall be that Eligible Director's "Prior Stock Unit Account," and no amount of Compensation or Special Meeting Fees earned after December 31, 2004 that such Eligible Director elects to defer under this Plan shall be credited to such Prior Stock Unit Account. If an Eligible Director has elected to defer his or her Special Meeting Fees earned prior to January 1, 2005 in Stock Units, the Committee shall, on the March 1st following the year in which the Special Meetings occurred, credit the Eligible Director's Prior Stock Unit Account with an amount of Units determined by dividing the amount of the Eligible Director's Special Meeting Fees deferred by the Fair Market Value of a share of Common Stock as of the date of the Special Meeting.

(c) ***Transfers of Stock Units Attributable to 2005 and 2006 Deferrals*****.** Effective January 1, 2005, any Units credited to an Eligible Director's Prior Stock Unit Account prior to January 1, 2005 that are attributable to Compensation to be earned after December 31, 2004 shall be transferred to such Eligible Director's Current Stock Unit Account established pursuant to Section 5.2(a).

(d) ***Limitations on Rights Associated with Units*****.** An Eligible Director's Current Stock Unit Account and/or Prior Stock Unit Account shall each be a memorandum account on the books of the Company. The Units credited to an Eligible Director's Stock Unit Account(s) shall be used solely as a device for the determination of the number of shares of Common Stock to be eventually distributed to such Eligible Director in accordance with this Plan. The Units shall not be treated as property or as a trust fund of any kind. All shares of Common Stock or other amounts attributed to the Units shall be and remain the sole property of the Company, and each Eligible Director's right in the Units is limited to the right to receive shares of Common Stock in the future as herein provided. No Eligible Director shall be entitled to any voting or other shareholder rights with respect to Units granted under this Plan. The number of Units credited under this Section shall be subject to adjustment in accordance with Section 5.6.

(e) ***Credited Units Not Vested*****.** The Units credited to an Eligible Director's Stock Unit Account(s) shall only become vested in accordance with Section 5.4(a).

5.3 ***Dividend Equivalents; Dividend Equivalent Cash Account; Dividend Equivalent Stock Account*****.**

(a) ***Allocation of Dividend Equivalents*****.** Each Eligible Director shall, at the time of making an election in accordance with Article IV, elect to have all Dividend Equivalents attributable to Units credited to his or her Stock Unit Account pursuant to such election credited to either (1) a Dividend Equivalent Cash Account for such Eligible Director in accordance with subsection (b) below or (2) a Dividend Equivalent Stock Account for such Eligible Director in accordance with subsection (c) below. Such election shall be irrevocable and shall remain in effect with respect to all Stock Units credited to the Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account in accordance with the Eligible Director's election made pursuant to Article IV.

(b) ***Dividend Equivalent Cash Account*.**

(1) ***Current Dividend Equivalent Cash Account*.** Effective January 1, 2005, if an Eligible Director has elected or elects to have Dividend Equivalents with respect to Compensation and/or Special Meeting Fees deferred in Stock Units after December 31, 2004 credited to his or her Dividend Equivalent Cash Account, the Committee shall establish and maintain a Dividend Equivalent Cash Account for the Eligible Director under the Plan, which Account shall be a memorandum account on the books of the Company and shall be such Eligible Director's "Current Dividend Equivalent Cash Account." In such case, the Committee shall, as of each dividend payment date, credit the Eligible Director's Current Dividend Equivalent Cash Account with an amount equal to the amount of Dividend Equivalents attributable to Stock Units then credited to the Eligible Director's Current Stock Unit Account. In addition, as of the last day of each calendar quarter, the Eligible Director's Current Dividend Equivalent Cash Account shall be credited with earnings in an amount equal to that determined by multiplying the balance credited to such account as of the last day of the preceding quarter by an amount equal to one-fourth of the Interest Rate.

(2) ***Prior Dividend Equivalent Cash Account*.** Effective January 1, 2005, the Dividend Equivalent Cash Account (if any) established for an Eligible Director prior to January 1, 2005 shall be that Eligible Director's "Prior Dividend Equivalent Cash Account." The Committee shall, as of each dividend payment date, credit the Eligible Director's Prior Dividend Equivalent Cash Account with an amount equal to the amount of Dividend Equivalents attributable to Stock Units then credited to the Eligible Director's Prior Stock Unit Account. In addition, as of the last day of each calendar quarter, the Eligible Director's Prior Dividend Equivalent Cash Account shall be credited with earnings in an amount equal to that determined by multiplying the balance credited to such account as of the last day of the preceding quarter by an amount equal to one-fourth of the Interest Rate.

(3) ***Transfer of Dividend Equivalents Attributable to 2005 and 2006 Deferrals*.** Effective January 1, 2005, any Dividend Equivalents that were credited to an Eligible Director's Prior Dividend Equivalent Cash Account prior to January 1, 2005 that were attributable to Stock Units credited to his or her Stock Unit Account with respect to Compensation to be earned after December 31, 2004 shall be transferred to such Eligible Director's Current Dividend Equivalent Cash Account established pursuant to Section 5.3(b)(1).

(c) ***Dividend Equivalent Stock Account*.**

(1) ***Current Dividend Equivalent Stock Account*.** Effective January 1, 2005, if an Eligible Director has elected or elects to have Dividend Equivalents credited to his or her Dividend Equivalent Stock Account, the Committee shall establish and maintain a Dividend Equivalent Stock Account for the Eligible Director under the Plan, which Account shall be a memorandum account on the books of the Company and shall be such Eligible Director's "Current Dividend Equivalent Stock Account." In such case, the Committee shall, as of each dividend payment date, credit the Eligible Director's Current Dividend Equivalent Stock Account with an amount of Units determined by dividing the amount of Dividend Equivalents attributable to Stock Units then credited to the Eligible Director's Current Stock Unit Account by the Fair Market Value of a share of Common Stock as of such date. The Units credited to an Eligible Director's Current Dividend Equivalent Stock Account shall be subject to adjustment under Section 5.6.

(2) ***Prior Dividend Equivalent Stock Account*****.** Effective January 1, 2005, the Dividend Equivalent Stock Account (if any) established for an Eligible Director prior to January 1, 2005 shall be that Eligible Director's "Prior Dividend Equivalent Stock Account." The Committee shall, as of each dividend payment date, credit the Eligible Director's Prior Dividend Equivalent Stock Account with an amount of Units determined by dividing the amount of Dividend Equivalents attributable to Stock Units then credited to the Eligible Director's Prior Stock Unit Account by the Fair Market Value of a share of Common Stock on such date. The Units credited to an Eligible Director's Prior Dividend Equivalent Stock Account shall be subject to adjustment under Section 5.6.

(3) ***Transfer of Dividend Equivalents Attributable to 2005 and 2006 Deferrals*****.** Effective January 1, 2005, any Dividend Equivalents that were credited to an Eligible Director's Prior Dividend Equivalent Stock Account prior to January 1, 2005 that were attributable to Stock Units credited to his or her Stock Unit Account with respect to Compensation to be earned after December 31, 2004 shall be transferred to such Eligible Director's Current Dividend Equivalent Stock Account established pursuant to Section 5.3(c)(1).

(d) ***Credited Dividends Account Not Vested*****.** Amounts credited to the Dividend Equivalent Cash Account or the Dividend Equivalent Stock Account shall only become vested in accordance with Sections 5.4(a) or (c), as the case may be.

5.4 ***Vesting*****.**

(a) ***Stock Unit Account; Dividend Equivalent Stock Account*****.** The rights of each Eligible Director in respect of his or her Stock Unit Account and Dividend Equivalent Stock Account shall vest as the Eligible Director's services (to which the deferred Compensation and deferred Special Meeting Fees relate) are rendered. Accordingly, effective as of the date the Eligible Director ceases to be a member of the Board of Directors, the number of Units credited to the Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account shall be reduced to the number of Units that would have been in such accounts on the date the Eligible Director ceased to serve on the Board of Directors had the Compensation and Special Meeting Fees the Eligible Director elected to defer included only Compensation and Special Meeting Fees payable for the period of actual service as a director, less any vested Units previously distributed as shares of Common Stock pursuant to the Eligible Director's election to receive installment payments and/or a distribution under Section 5.5(d) or 5.5A(d) or (e). For purposes of calculating the number of Units that would have been credited to the Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account, the Eligible Director's annual retainer shall be prorated for the year of cessation on a monthly basis. Notwithstanding the preceding sentence, if an Eligible Director ceases to be a member of the Board of Directors by reason of death or Disability, or upon or following a Change in Control Event, the Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account shall immediately become fully vested.

(b) ***Cash Account*****.** The rights of each Eligible Director in respect of his or her Cash Account shall at all times be fully vested.

(c) ***Dividend Equivalent Cash Account*****.** The rights of each Eligible Director in respect of his or her Dividend Equivalent Cash Account shall vest as the Eligible Director's services (to which the deferred Compensation and deferred Special Meeting Fees relate) are rendered. Accordingly, effective as of the date the Eligible Director ceases to be a member of the Board of Directors, the Company shall reduce any amount credited to the Eligible Director's Dividend Equivalent Cash Account by an amount equal to any Dividend Equivalents (together with any related earnings) attributable to any Units which are forfeited in accordance with Section 5.4(a) and/or previously distributed as shares of Common Stock in accordance with the Eligible Director's election to receive installment payments and/or a distribution under Section 5.5(d) or 5.5A(d) or (e).

Notwithstanding the preceding, if an Eligible Director ceases to be a member of the Board of Directors by reason of death or Disability, or upon or following a Change in Control Event, the Eligible Director's Dividend Equivalent Cash Account shall immediately become fully vested.

5.5 ***Distribution of Benefits*****.** The provisions of this Section 5.5 shall apply only with respect to distributions from Current Cash Accounts, Current Dividend Equivalent Cash Accounts, Current Dividend Equivalent Stock Accounts and Current Stock Unit Accounts. The provisions of Section 5.5A as set forth in Appendix A to this Plan document govern the distribution from Prior Cash Accounts, Prior Dividend Equivalent Cash Accounts, Prior Dividend Equivalent Stock Accounts and Prior Stock Unit Accounts.

(a) ***Time and Manner of Distribution*****.**

(i) The vested amounts credited an Eligible Director's Accounts shall be distributed to the Eligible Director (or, in the event of his or her death, the Eligible Director's Beneficiary) upon his or her termination from service on the Board of Directors; provided, however, that a termination of service shall not be deemed to have occurred for any purpose under the Plan unless such termination from service constitutes a "separation from service" as defined under Section 409A of the Code and any regulations promulgated thereunder. Notwithstanding the foregoing, on the annual or multiple-year deferral election form that a Participant files in accordance with the provisions of Article IV of the Plan for any Plan Year or series of two or three Plan Years beginning on or after January 1, 2005, an Eligible Director may elect to have the amounts credited to his or her Accounts with respect to such annual or multiple-year deferral period distributed to him or her on any one of the following optional distribution dates: (A) January 1 following the Eligible Director's termination of service, (B) January 1 of a specified year designated by the Eligible Director, which shall be no earlier than 3 years after the Plan Year to which the deferral relates, or (C) the earlier to occur of (A) or (B).

(ii) The benefits payable under this Plan shall be distributed to the Eligible Director (or, in the event of his or her death, the Eligible Director's Beneficiary) in a lump sum or, if elected by the Eligible Director in writing on the annual or multiple-year deferral election form that a Participant files in accordance with the provisions of Article IV of the Plan for a Plan Year beginning on or after January 1, 2005, in annual installments for up to 10 years.

(iii) An Eligible Director shall be permitted to make a different election with respect to each annual or multiple-year deferral period as to the time and manner in which his or her benefits shall be distributed. For each Eligible Director who makes one or more distribution elections pursuant to this Section 5.5(a), each of his or her Accounts shall be divided into two or more Distribution Subaccounts as necessary to separately account for deferrals that are payable at different times and/or in different manners. For purposes of calculating installments, the Eligible Director's vested Accounts (and Distribution Subaccounts if applicable) will be valued as of December 31 of each year, and divided by the number of remaining installments to determine the amount of the installment to be paid in the following year. Subsequent installments will be adjusted accordingly for the next calendar year, according to procedures established by the Committee. Such installment payments shall commence as of the date benefits become distributable under this Section 5.5(a).

(b) ***Change in Time or Manner of Distribution*****.** Notwithstanding subsection (a), an Eligible Director may elect to further defer the commencement of any distribution to be made, or change the manner of any distribution election from a lump sum to annual installments made, with respect to benefits payable under this Plan by filing a new written election with the Committee on a form approved by the Committee; provided, however, that (A) no such election shall be effective until one year after the date on which the election is made, (B) the first payment with respect to which such election is made must be deferred for a period of not less than five years from the date such payment would otherwise have been made or payments would have commenced, and (C) any election related to a payment that commences on any date other than the date of the Eligible Director's termination of service shall only be effective if it is made at least twelve months prior to the date of the first scheduled payment under such election.

(c) ***Effect of Change in Control Event*****.** Notwithstanding subsections (a) and (b), if a Change in Control Event and a termination of service occurs, the vested portions of an Eligible Director's Accounts shall be distributed immediately in a lump sum.

(d) ***Distribution for Unforeseeable Emergencies*****.** An Eligible Director (which for purposes of this Section 5.5(d) includes former Eligible Directors) may request a distribution for an Unforeseeable Emergency without penalty of an amount not greater than the value of the Eligible Director's vested benefit under this Plan. Such distribution for an Unforeseeable Emergency shall be subject to approval by the Committee in its sole discretion and may be made only to the extent necessary to satisfy such Unforeseeable Emergency plus amounts necessary to pay taxes reasonably anticipated as a result of the distribution, after taking into account the extent to which such hardship is or may be relieved (1) through reimbursement or compensation by insurance or otherwise or (2) by liquidation of the Eligible Director's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Amounts distributed pursuant to this Section 5.5(d) shall be distributed only from vested amounts credited to his or her Accounts and shall be distributed first from an Eligible Director's Cash and Dividend Equivalent Cash Accounts, and, to the extent the balance of the Participant's Cash and Dividend Equivalent Cash Accounts is not sufficient to satisfy the severe financial hardship, next as a distribution of shares of the Company's Common Stock with a Fair Market Value equal to such deficiency from the vested portion of such Eligible Director's Stock Unit and Dividend Equivalent Stock Accounts.

(e) ***Form of Distribution*****.** Stock Units credited to an Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account shall be distributed in an equivalent whole number of shares of the Company's Common Stock. Fractions shall be disregarded. Amounts credited to an Eligible Director's Cash Account and vested in the Eligible Director's Dividend Equivalent Cash Account shall be distributed in cash.

(f) ***Small Benefit Exception*****.** Notwithstanding any other provision of this Plan to the contrary, if at the time of any distribution the vested balance remaining in an Eligible Director's Current Cash Account or Current Dividend Equivalent Cash Account is less than $2,000 or, if the number of vested Units credited to the Eligible Director's Current Stock Unit Account or Current Dividend Equivalent Stock Account is less than 100, then such remaining vested balances shall be distributed in a lump sum. Notwithstanding the foregoing, if this provision would cause amounts deferred under this Plan to be included in the income of the Eligible Directors prior to date of distribution, this provision shall not apply and distributions to the Eligible Director shall be made in accordance with his or her distribution election under the Plan.

5.6 ***Adjustments in Case of Changes in Common Stock*****.** If any stock dividend, stock split, recapitalization, merger, consolidation, combination or exchange of shares, sale of all or substantially all of the assets of the Company, split-up, split-off, spin-off, liquidation or similar change in capitalization or any distribution to holders of the Company's Common Stock (other than cash dividends and cash distributions) shall occur, proportionate and equitable adjustments shall be made in the number and type of shares of Common Stock or other property reserved and of Units (both credited and vested) under this Plan.

5.7 ***Company's Right to Withhold*****.** The Company shall satisfy any state or federal income tax withholding obligation arising upon distribution of an Eligible Director's accounts by reducing the number of shares of Common Stock otherwise deliverable to the Eligible Director by the appropriate number of shares, valued at the average of the Fair Market Values of a share of Common Stock during the last 10 trading days preceding the date of distribution, required to satisfy such tax withholding obligation. If the Company, for any reason, cannot satisfy the withholding obligation in accordance with the preceding sentence, the Eligible Director shall pay or provide for payment in cash of the amount of any taxes which the Company may be required to withhold with respect to the benefits hereunder.

5.8 ***Stockholder Approval*****.** This Plan, and all the elections, actions and accruals with respect to Stock Units and Dividend Equivalents made prior to stockholder approval, was originally approved by the stockholders of the Company at their 1995 annual meeting. Amendments to the Plan have been approved by the Board of Directors pursuant to Article VII.

ARTICLE VI
ADMINISTRATION

6.1 ***The Administrator*****.** The Committee hereunder shall consist of two (2) or more Disinterested Directors appointed from time to time by the Board of Directors to serve as the administrator of this Plan at its pleasure. Any member of the Committee may resign by delivering a written resignation to the Board of Directors. Members of the Committee shall not receive any additional compensation for administration of this Plan.

6.2 ***Committee Action*****.** The Committee may, for the purpose of administering this Plan, choose a Secretary who may be, but is not required to be, a member of the Committee, who shall keep minutes of the Committee's proceedings and all records and documents pertaining to the Committee's administration of this Plan. A member of the Committee shall not vote or act upon any matter which relates solely to himself or herself as a Participant in this Plan. The Secretary may execute any certificate or other written direction on behalf of the Committee. Action of the Committee with respect to the administration of this Plan shall be taken pursuant to a majority vote or by unanimous written consent of its members.

6.3 ***Rights and Duties*****.** Subject to the limitations of this Plan, the Committee shall be charged with the general administration of this Plan and the responsibility for carrying out its provisions, and shall have powers necessary to accomplish those purposes, including, but not by way of limitation, the following:

(a) To construe, interpret and administer this Plan;

(b) To resolve any questions concerning the amount of benefits payable to an Eligible Director (except that no member of the Committee shall participate in a decision relating solely to his or her own benefits);

(c) To make all other determinations required by this Plan;

(d) To maintain all the necessary records for the administration of this Plan; and

(e) To make and publish forms, rules and procedures for elections under and for the administration of this Plan.

The determination of the Committee made in good faith as to any disputed question or controversy and the Committee's determination of benefits payable to Eligible Directors shall be conclusive. In performing its duties, the Committee shall be entitled to rely on information, opinions, reports or statements prepared or presented by: (1) officers or employees of the Company whom the Committee believes to be reliable and competent as to such matters; and (2) counsel (who may be employees of the Company), independent accountants and other persons as to matters which the Committee believes to be within such persons' professional or expert competence. The Committee shall be fully protected with respect to any action taken or omitted by it in good faith pursuant to the advice of such persons. The Committee may delegate ministerial, bookkeeping and other non-discretionary functions to individuals who are officers or employees of the Company.

6.4 ***Indemnity and Liability*.** All expenses of the Committee shall be paid by the Company and the Company shall furnish the Committee with such clerical and other assistance as is necessary in the performance of its duties. No member of the Committee shall be liable for any act or omission of any other member of the Committee nor for any act or omission on his or her own part, excepting only his or her own willful misconduct or gross negligence. To the extent permitted by law, the Company shall indemnify and save harmless each member of the Committee against any and all expenses and liabilities arising out of his or her membership on the Committee, excepting only expenses and liabilities arising out of his or her own willful misconduct or gross negligence, as determined by the Board of Directors.

ARTICLE VII
PLAN CHANGES AND TERMINATION

The Board of Directors shall have the right to amend this Plan in whole or in part from time to time or may at any time suspend or terminate this Plan. In addition, The Committee may amend the Plan to (a) ensure that this Plan complies with the requirements of Section 409A of the Code for deferral of taxation on compensation deferred hereunder after December 31, 2004 until the time of distribution and (b) to make other changes to the provisions regarding elections as to the time and manner of distributions that comply with such requirements of Section 409A. Notwithstanding the foregoing, no amendment or termination shall cancel or otherwise adversely affect in any way, without his or her written consent, any Eligible Director's rights with respect to Stock Units and Dividend Equivalents credited to his or her Stock Unit Account, Dividend Equivalent Cash Account or Dividend Equivalent Stock Account which are then vested (assuming solely for such purposes a voluntary termination of services as of the date of such amendment or termination) or to any amounts previously credited to his or her Cash Account; provided, however, that in no event shall such consent be required for an amendment that is necessary to comply with applicable law, including without limitation, an amendment required under Section 409A of the Code or the regulations thereunder to preserve the deferral of taxation on compensation deferred hereunder until the time of distribution. Any amendments authorized hereby shall be stated in an instrument in writing, and all Eligible Directors shall be bound thereby upon receipt of notice thereof.

It is the current expectation of the Company that this Plan shall be continued for a period of 20 years following the date of Board of Directors approval of this Plan, but continuance of this Plan is not assumed as a contractual obligation of the Company. In the event that the Board of Directors decides to discontinue or terminate this Plan, it shall notify the Committee and participants in this Plan of its action in an instrument in writing, and this Plan shall be terminated at the time therein set forth, and all participants shall be bound thereby. In such event, the then vested benefits of an Eligible Director shall be distributed in accordance with the time and manner of distribution elected by him or her under Section 5.5 and/or 5.5A.

ARTICLE VIII
MISCELLANEOUS

8.1 ***Limitation on Eligible Directors' Rights*.** Participation in this Plan shall not give any Eligible Director the right to continue to serve as a member of the Board of Directors or any rights or interests other than as herein provided. No Eligible Director shall have any right to any payment or benefit hereunder except to the extent provided in this Plan. This Plan shall create only a contractual obligation on the part of the Company as to such amounts and shall not be construed as creating a trust. This Plan, in and of itself, has no assets. Eligible Directors shall have only the rights of general unsecured creditors of the Company with respect to amounts credited or vested and benefits payable, if any, on their Accounts.

8.2 ***Beneficiaries*****.**

(a) ***Beneficiary Designation*****.** Upon forms provided by the Company each Eligible Director may designate in writing the Beneficiary or Beneficiaries (as defined in Section 8.2(b)) whom such Eligible Director desires to receive any amounts payable under this Plan after his or her death. An Eligible Director from may from time to time change his or her designated Beneficiary or Beneficiaries without the consent of such Beneficiary or Beneficiaries by filing a new designation in writing with the Committee. However, if a married Eligible Director wishes to designate a person other than his or her spouse as Beneficiary, such designation shall be consented to in writing by the spouse. The Eligible Director may change any election designating a Beneficiary or Beneficiaries without any requirement of further spousal consent if the spouse's consent so provides. Notwithstanding the foregoing, spousal consent shall not be necessary if it is established that the required consent cannot be obtained because the spouse cannot be located or because of other circumstances prescribed by the Committee. The Company and the Committee may rely on the Eligible Director's designation of a Beneficiary or Beneficiaries last filed in accordance with the terms of this Plan.

(b) ***Definition of Beneficiary*****.** An Eligible Director's "Beneficiary" or "Beneficiaries" shall be the person, persons, trust or trusts so designated by the Eligible Director or, in the absence of such designation, entitled by will or the laws of descent and distribution to receive the Eligible Director's benefits under this Plan in the event of the Eligible Director's death, and shall mean the Eligible Director's executor or administrator if no other Beneficiary is identified and able to act under the circumstances.

8.3 ***Benefits Not Assignable; Obligations Binding Upon Successors*****.** Benefits of an Eligible Director under this Plan shall not be assignable or transferable and any purported transfer, assignment, pledge or other encumbrance or attachment of any payments or benefits under this Plan, or any interest therein, other than by operation of law or pursuant to Section 8.2, shall not be permitted or recognized. Obligations of the Company under this Plan shall be binding upon successors of the Company.

8.4 ***Governing Law; Severability*****.** The validity of this Plan or any of its provisions shall be construed, administered and governed in all respects under and by the laws of the state of incorporation of the Company. If any provisions of this instrument shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions hereof shall continue to be fully effective.

8.5 ***Compliance With Laws*****.** This Plan and the offer, issuance and delivery of shares of Common Stock and/or the payment of money through the deferral of compensation under this Plan are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities law) and to such approvals by any listing, agency or any regulatory or governmental authority as may, in the opinion of counsel for the Company, be necessary or advisable in connection therewith. Any securities delivered under this Plan shall be subject to such restrictions, and the person acquiring such securities shall, if requested by the Company, provide such assurances and representations to the Company as the Company may deem necessary or desirable to assure compliance with all applicable legal requirements.

8.6 ***Headings Not Part of Plan*****.** Headings and subheadings in this Plan are inserted for reference only and are not to be considered in the construction of the provisions hereof.

APPENDIX A

The provisions set forth in this Appendix A set forth the provisions of Section 5.5A of the Plan which apply to the distribution of amounts deferred prior to January 1, 2005 and credited to Prior Cash Accounts, Prior Dividend Equivalent Cash Accounts, Prior Dividend Equivalent Stock Accounts and Prior Stock Unit Accounts.

5.5A ***Distribution of Benefits*****.**

(a) ***Time and Manner of Distribution*****.** Each Eligible Director shall be entitled to receive a distribution of the vested portion of his or her Accounts upon his or her termination from service on the Board of Directors or at such time as may be elected by the Eligible Director at the time of an election under Article IV and set forth in writing on forms provided by the Company. The benefits payable under this Plan shall be distributed to the Eligible Director (or, in the event of his or her death, the Eligible Director's Beneficiary) in a lump sum or, if elected by the Eligible Director in writing on forms provided by the Company at least 12 months in advance of the date benefits become distributable under subsection (a), in annual installments for up to 10 years. An Eligible Director shall be permitted to make a different election with respect to each annual deferral period as to the time and manner in which his or her benefits shall be distributed. For each Eligible Director who makes one or more distribution elections pursuant to this Section 5.5A(a), each of his or her Accounts shall be divided into two or more Distribution Subaccounts as necessary to separately account for deferrals which are payable at different times and/or in different manners. For purposes of calculating installments, the Eligible Director's vested Accounts (and Distribution Subaccounts if applicable) will be valued as of December 31 of each year, and divided by the number of remaining installments to determine the amount of the installment to be paid in the following year. Subsequent installments will be adjusted accordingly for the next calendar year, according to procedures established by the Committee. Such installment payments shall commence as of the date benefits become distributable under this Section 5.5A(a).

(b) ***Change in Time or Manner of Distribution*****.** Notwithstanding subsection (a):

(1) An Eligible Director may elect to further defer the commencement of any distribution to be made with respect to benefits payable under this Plan by filing a new written election with the Committee on a form approved by the Committee; provided, however, that (A) no such new election shall be effective until 12 months after such election is filed with the Committee, (B) no such new election shall be effective with respect to any Account(s) after the distribution of benefits with respect to such Account(s) shall have commenced, and (C) no more than three new elections with respect to each annual deferral period shall be valid as to any Eligible Director. An election made pursuant to this Section 5.5A(b)(1) shall not affect the manner of distribution (i.e., lump sum versus installments), the terms of which shall be subject to Section 5.5A(a) above or Section 5.5A(b)(2) below.

(2) An Eligible Director may change the manner of any distribution election from a lump sum to annual installments (or vice versa) made with respect to amounts credited under his or her Accounts by filing a written election with the Committee on a form provided by the Committee; provided, however, that no such election shall be effective until 12 months after such election is filed with the Committee, and no such election shall be effective if it is made with respect to any Account(s) after the distribution of benefits with respect to such Account(s) have commenced. An election made pursuant to this Section 5.5A(b)(2) shall not affect the date of the commencement of benefits.

(3) On or before September 30, 2000, an Eligible Director may make a one-time, irrevocable election (subject to other express provisions of this Plan), on forms provided for this purpose, to receive a distribution of his or her accumulated balances under this Plan as of

September 30, 2000 on: (A) a date elected by the Eligible Director, but in no event before 2003, or (B) the earlier of a date elected by the Eligible Director, but in no event before 2003, or the date of his or her termination of service from the Board of Directors. The benefits payable under such an election shall be distributed to the Eligible Director (or in the event of his or her death, the Eligible Director's Beneficiary) in a lump sum or, if elected by the Eligible Director in writing on forms provided by the Company at least 12 months in advance of the date benefits become distributable under Section 5.5A(a) above, in annual installments for up to 10 years, as so elected.

(c) ***Effect of Change in Control Event*****.** Notwithstanding subsections (a) and (b), if a Change in Control Event and a termination of service occurs, the vested portions of an Eligible Director's Accounts shall be distributed immediately in a lump sum.

(d) ***Early Distributions*****.** Each Eligible Director (which for purposes of this Section 5.5A(d) includes former Eligible Directors) shall be permitted to elect to withdraw not less than 50% of the vested portion of his or her Accounts, reduced by the withdrawal penalty described below, prior to the applicable payment date(s) or payment commencement date(s) ("Early Distributions"), subject to the following restrictions:

(1) The election to take an Early Distribution shall be made in writing on a form provided by and filed with the Committee;

(2) The amount of the Early Distribution shall equal 90% of the amount the Eligible Director has elected to withdraw; and

(3) The remaining 10% of the amount the Eligible Director has elected to withdraw shall be permanently forfeited, and the Eligible Director or his or her Beneficiary shall have no rights with respect to such forfeited amounts.

Notwithstanding the foregoing, the Eligible Director's Accounts will continue to vest in accordance with Section 5.4 and the Dividend Equivalent Stock Account and/or Dividend Equivalent Cash Account of such Eligible Director shall continue to be credited with Dividend Equivalents in accordance with Section 5.3.

(e) ***Distribution for Unforeseeable Emergencies*****.** An Eligible Director (which for purposes of this Section 5.5A(e) includes former Eligible Directors) may request a distribution for an Unforeseeable Emergency without penalty of an amount not greater than the value of the Eligible Director's vested benefit under this Plan. Such distribution for an Unforeseeable Emergency shall be subject to approval by the Committee in its sole discretion and may be made only to the extent necessary to satisfy the hardship and only from vested amounts credited to his or her Accounts. The Committee may treat a distribution as necessary for an Unforeseeable Emergency if it relies on the Eligible Director's written representation, without actual knowledge to the contrary, that the hardship cannot reasonably be relieved (1) through timely reimbursement or compensation by insurance or otherwise or (2) by liquidation of the Eligible Director's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship. Amounts distributed pursuant to this Section 5.5A(e) shall be distributed first from an Eligible Director's Cash and Dividend Equivalent Cash Accounts, and, to the extent the balance of the Participant's Cash and Dividend Equivalent Cash Accounts is not sufficient to satisfy the severe financial hardship, next as a distribution of shares of the Company's Common Stock with a Fair Market Value equal to such deficiency from the vested portion of such Eligible Director's Stock Unit and Dividend Equivalent Stock Accounts.

(f) ***Form of Distribution*****.** Stock Units credited to an Eligible Director's Stock Unit Account and Dividend Equivalent Stock Account shall be distributed in an equivalent whole number of shares of the Company's Common Stock. Fractions shall be disregarded. Amounts credited to an

Eligible Director's Cash Account and vested in the Eligible Director's Dividend Equivalent Cash Account shall be distributed in cash.

(g) ***Small Benefit Exception.*** Notwithstanding any other provision of this Plan to the contrary, if at the time of any distribution the vested balance remaining in an Eligible Director's Prior Cash Account or Prior Dividend Equivalent Cash Account is less than $2,000 or, if the number of vested Units credited to the Eligible Director's Prior Stock Unit Account or Prior Dividend Equivalent Stock Account is less than 100, then such remaining vested balances shall be distributed in a lump sum.

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Exhibit 10.8.2

**AMENDMENT NUMBER 3
TO
THE MACERICH COMPANY
EXECUTIVE OFFICER SALARY DEFERRAL PLAN**

WHEREAS, The Macerich Company (the "Company") has established The Macerich Company Executive Officer Salary Deferral Plan (the "Plan") to provide supplemental retirement income benefits through salary deferrals for certain of its executive officers; and

WHEREAS, it is desirable to amend the Plan to provide for the crediting of earnings to the account balances of Dana Anderson and to modify the effect of a plan termination on the distribution of accounts to comply with Section 409A of the Internal Revenue Code.

NOW THEREFORE, the Plan is hereby amended as set forth below, effective December 15, 2004.

ARTICLE I

TITLE AND DEFINITIONS

1. Section 1.2 is amended by changing the definitions of "Company Matching Account" and Deferral Account" to read as follows:

"Company Matching Account' shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with (a) an amount equal to the Company Matching Amount (as defined in Section 4.2) and (b) to the extent applicable pursuant to Section 4.3(b), earnings or losses thereon in accordance with Section 4.3(b)(5)."

"Deferral Account' shall mean the bookkeeping account maintained by the Committee for each Participant that is credited with (a) amounts equal to the portion of the Participant's Salary that he elects to defer and (b) to the extent applicable pursuant to Section 4.3(b), earnings or losses thereon in accordance with Section 4.3(b)(5)."

2. Section 1.2 is amended by adding the following definitions thereto:

"Earnings Rate' shall mean, for each Fund, an amount equal to the net rate of gain or loss on the assets of such Fund determined for each business day."

"Fund' or "Funds' shall mean one or more of the investment funds designated in Section 4.3(b)(2)."

ARTICLE IV

PARTICIPANT ACCOUNTS

3. Section 4.3 of Article IV is amended by changing its title to "Interest or Earnings" and by amending it in its entirety to read as follows:

"4.3—*Interest or Earnings*.

(a) *No Interest or Earnings* .No interest or earnings shall be credited to a Participant's Accounts.

(b) *Investment Elections for Certain Participants* .

(1) Notwithstanding Section 4.3(a), effective December 15, 2004, Dana K. Anderson shall be eligible to designate, on a form provided by the Committee or otherwise in accordance with procedures established by the Committee, the Fund or Funds in which the amounts credited to his Deferral Account and Company Matching Account will be deemed to be invested for purposes of determining the amount of earnings or losses to be credited to his Accounts.

(2) As of December 15, 2004, the Funds shall be the following:

1. Northwestern Mutual Life Guaranteed Interest Fund
2. Northwestern Mutual Life Money Market Fund
3. Northwestern Mutual Life Select Bond Fund
4. Northwestern Mutual Life High Yield Bond Fund
5. Northwestern Mutual Life Balanced Fund
6. Northwestern Mutual Life Index 500 Stock Fund
7. Mason Street Advisors Large Cap Core Stock Fund
8. Northwestern Mutual Life Growth Stock Fund
9. Franklin Templeton International Equity Fund
10. Northwestern Mutual Life Aggressive Growth Stock Fund
11. Northwestern Mutual Life Index 400 Stock Fund
12. Russell Real Estate Securities Fund
13. T. Rowe Price Small Cap Value Fund

(3) In making the designation pursuant to this Section 4.3(b), Dana Anderson must specify, in whole numbers, the percentage of his Deferral Account and Company Matching Account that shall be deemed to be invested in one or more of the Funds. Effective as of the end of the day on which the Committee receives Dana Anderson's election, he may change the designation made under this Section 4.3(b) by filing an election in accordance with procedures established by the Committee. If Dana Anderson fails to elect a Fund under this Section 4.3(b), he shall be deemed to have elected the Northwestern Mutual Life Money Market Fund.

(4) The Earnings Rate of each Fund shall be used to determine the amount of earnings or losses to be credited to Dana Anderson's Accounts under this Article IV. The Company reserves the right to increase or decrease the number of the Funds listed in Section 4.3(b)(2), as well as the right to designate other investment funds as the Funds (instead of those currently listed in Section 4.3(b)(2)) for purposes of this Plan.

(5) Dana Anderson's Deferral Account and Company Matching Account shall be divided into separate subaccounts ("investment fund subaccounts"), each of which corresponds to an investment fund elected by him pursuant this Section 4.3(b). As of the end of each business day, each investment fund subaccount of Dana Anderson's Deferral Account and Company Matching Account shall be credited with earnings or losses in an amount equal to that determined by multiplying the balance of such investment fund subaccount as of the end of the prior business day by the Earnings Rate for the corresponding Fund for the day of crediting.

(6) Notwithstanding Dana Anderson's ability to designate the Funds in which his Accounts shall be deemed to be invested, the Company shall have no obligation to invest any funds in accordance with his election. Dana Anderson's Accounts shall merely be bookkeeping entries on the Company's books, and he shall not obtain any interest in any Funds."

ARTICLE VII

ADMINISTRATION

4. Section 7.3 is amended by deleting the period at the end of paragraph (7) and adding "; and" in its place and by adding a new paragraph 8 to the end thereof to read as follows:

> "(8) To compute the Earnings Rate for each Fund in accordance with the terms of the Plan."

ARTICLE VIII

MISCELLANEOUS

5. Section 8.4 is amended by adding the following sentence at the end thereof:

> "Notwithstanding the foregoing, in the event that this Plan is terminated in full or as to Dana Anderson, the amounts credited to Dana Anderson's Deferral Account and Company Matching Account shall be distributed to him in accordance with Section 6.1."

IN WITNESS WHEREOF, the Company has caused its duly authorized officers to execute this amendment this 3rd day of February, 2005.

THE MACERICH COMPANY

By: /s/ RICHARD A. BAYER

Richard A. Bayer
Executive Vice President,
General Counsel and Secretary

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Exhibit 21.1

LIST OF SUBSIDIARIES

ARROWHEAD FESTIVAL, L.L.C., an Arizona limited liability company

BILTMORE SHOPPING CENTER PARTNERS LLC, an Arizona limited liability company

BROAD RAFAEL ASSOCIATES (LIMITED PARTNERSHIP), a Pennsylvania limited partnership

BROAD RAFAEL PROPERTIES CORP., a Delaware corporation

CAMELBACK COLONNADE ASSOCIATES LIMITED PARTNERSHIP, an Arizona limited partnership

CAMELBACK COLONNADE PARTNERS, an Arizona general partnership

CAMELBACK SHOPPING CENTER LIMITED PARTNERSHIP, an Arizona limited partnership

CHANDLER FESTIVAL SPE LLC, a Delaware limited liability company

CHANDLER GATEWAY PARTNERS, LLC, an Arizona limited liability company

CHANDLER GATEWAY SPE LLC, a Delaware limited liability company

CHANDLER VILLAGE CENTER, LLC, an Arizona limited liability company

CHRIS-TOWN VILLAGE ASSOCIATES, an Arizona general partnership

CORTE MADERA VILLAGE, LLC, a Delaware limited liability company

CW SCOTTSDALE, LLC, a Delaware limited liability company

DESERT SKY MALL LLC, a Delaware limited liability company

EAST FLAGSTAFF PLAZA ASSOCIATES, an Arizona general partnership

EAST MESA LAND, L.L.C., a Delaware limited liability company

EAST MESA MALL, L.L.C., a Delaware limited liability company

FFC-PANORAMA, LLC, a Delaware limited liability company

FLAGSTAFF MALL ASSOCIATES LIMITED PARTNERSHIP, an Arizona limited partnership

FLATIRON ACQUISITION LLC, a Delaware limited liability company

FLATIRON PROPERTY HOLDING, L.L.C., an Arizona limited liability company

INA AND LA CHOLLA ASSOCIATES, an Arizona general partnership

JAREN ASSOCIATES #4, an Arizona general partnership

KIERLAND COMMONS INVESTMENT LLC, a Delaware limited liability company

KIERLAND GREENWAY, LLC, a Delaware limited liability company

KIERLAND MAIN STREET, LLC, a Delaware limited liability company

KIERLAND RESIDENTIAL/RETAIL I, LLC, a Delaware limited liability company

KITSAPARTY, a Washington non-profit corporation

LEE WEST, LLC, an Arizona limited liability company

LEE WEST II, LLC, a Delaware limited liability company

MACD, INC., a Delaware corporation

MAC E-COMMERCE, LLC, a Delaware limited liability company

MACERICH BILTMORE CI, LLC, a Delaware limited liability company

MACERICH BILTMORE MM, LLC, a Delaware limited liability company

MACERICH BILTMORE OPI, LLC, a Delaware limited liability company

MACERICH BRISTOL ASSOCIATES, a California general partnership

MACERICH BUENAVENTURA GP CORP., a Delaware corporation

MACERICH BUENAVENTURA LIMITED PARTNERSHIP, a California limited partnership

MACERICH CARMEL GP CORP., a Delaware corporation

MACERICH CARMEL LIMITED PARTNERSHIP, a California limited partnership

MACERICH CERRITOS ADJACENT, LLC, a Delaware limited liability company

MACERICH CERRITOS, LLC, a Delaware limited liability company

MACERICH CERRITOS MALL CORP., a Delaware corporation

MACERICH CITADEL GP CORP., a Delaware corporation

MACERICH CITADEL LIMITED PARTNERSHIP, a California limited partnership

MACERICH CM VILLAGE GP CORP., a Delaware corporation

MACERICH CM VILLAGE LIMITED PARTNERSHIP, a California limited partnership

MACERICH EQ GP CORP., a Delaware corporation

MACERICH EQ LIMITED PARTNERSHIP, a California limited partnership

MACERICH FARGO ASSOCIATES, a California general partnership

MACERICH FAYETTEVILLE GP CORP., a Delaware corporation

MACERICH FAYETTEVILLE LIMITED PARTNERSHIP, a California limited partnership

MACERICH FIESTA MALL LLC, a Delaware limited liability company

MACERICH FM SPE LLC, a Delaware limited liability company

MACERICH FRESNO GP CORP., a Delaware corporation

MACERICH FRESNO LIMITED PARTNERSHIP, a California limited partnership

MACERICH GREAT FALLS GP CORP., a Delaware corporation

MACERICH GREAT FALLS LIMITED PARTNERSHIP, a California limited partnership

MACERICH GREELEY ASSOCIATES, a California general partnership

MACERICH GREELEY ASSOCIATES, LLC, a Delaware limited liability company

MACERICH GREELEY MM CORP., a Delaware corporation

MACERICH INLAND LLC, a Delaware limited liability company

MACERICH LA CUMBRE LLC, a Delaware limited liability company

MACERICH LA CUMBRE SPE LLC, a Delaware limited liability company

MACERICH LAKEWOOD, LLC, a Delaware limited liability company

MACERICH LUBBOCK GP CORP., a Delaware corporation

MACERICH LUBBOCK LIMITED PARTNERSHIP, a California limited partnership

MACERICH MANAGEMENT COMPANY, a California corporation

MACERICH MANHATTAN GP CORP., a Delaware corporation

MACERICH MANHATTAN LIMITED PARTNERSHIP, a California limited partnership

MACERICH MERCHANTWIRED LLC, a Delaware limited liability company

MACERICH NORTHWESTERN ASSOCIATES, a California general partnership

MACERICH NP LLC, a Delaware limited liability company

MACERICH OAKS LLC, a Delaware limited liability company

MACERICH OAKS MEZZANINE LLC, a Delaware limited liability company

MACERICH OKLAHOMA GP CORP., a Delaware corporation

MACERICH OKLAHOMA LIMITED PARTNERSHIP, a California limited partnership

MACERICH OKLAHOMA WARDS PARCEL LLC, a Delaware limited liability company

MACERICH OXNARD, LLC, a Delaware limited liability company

MACERICH PACIFIC VIEW ADJACENT, LLC, a Delaware limited liability company

MACERICH PPR CORP., a Maryland corporation

MACERICH PROPERTY EQ GP CORP., a Delaware corporation

MACERICH PROPERTY MANAGEMENT COMPANY, LLC, a Delaware limited liability company

MACERICH QUEENS ADJACENT GUARANTOR GP CORP., a Delaware corporation

MACERICH QUEENS EXPANSION, LLC, a Delaware limited liability company

MACERICH QUEENS GP CORP., a Delaware corporation

MACERICH QUEENS LIMITED PARTNERSHIP, a California limited partnership

MACERICH RIDGMAR LLC, a Delaware limited liability company

MACERICH RIMROCK GP CORP., a Delaware corporation

MACERICH RIMROCK LIMITED PARTNERSHIP, a California limited partnership

MACERICH SALISBURY B LLC, a Delaware limited liability company

MACERICH SANTA MONICA LLC, a Delaware limited liability company

MACERICH SANTA MONICA PLACE CORP., a Delaware corporation

MACERICH SASSAFRAS GP CORP., a Delaware corporation

MACERICH SASSAFRAS LIMITED PARTNERSHIP, a California limited partnership

MACERICH SCG GP CORP., a Delaware corporation

MACERICH SCG GP LLC, a Delaware limited liability company

MACERICH SCG 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 CORP., a Delaware corporation

MACERICH STONEWOOD, LLC, a Delaware limited liability company

MACERICH TRUST LLC, a Delaware limited liability company

MACERICH TWC II CORP., a Delaware corporation

MACERICH TWC II LLC, a Delaware limited liability company

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 VICTOR VALLEY LLC, a Delaware limited liability company

MACERICH VINTAGE FAIRE GP CORP., a Delaware corporation

MACERICH VINTAGE FAIRE LIMITED PARTNERSHIP, a California limited partnership

MACERICH VV SPE LLC, a Delaware limited liability company

MACERICH WESTBAR LLC, a Delaware limited liability company

MACERICH WESTCOR MANAGEMENT LLC, a Delaware limited liability company

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

MACERICH WRLP CORP., a Delaware corporation

MACERICH WRLP II CORP., a Delaware corporation

MACERICH WRLP LLC, a Delaware limited liability company

MACERICH WRLP II L.P., a Delaware limited partnership

MACERICH WRLP PANORAMA LLC, a Delaware limited liability company

MACJ, LLC, a Delaware limited liability company

MACW, INC., a Delaware corporation

MAIB, LLC, a Delaware limited liability company

MERCHANTWIRED, LLC, a Delaware limited liability company

METRORISING AMS HOLDING LLC, a Delaware limited liability company

METRORISING AMS MEZZ1 LLC, a Delaware limited liability company

METRORISING AMS MEZZ2 LLC, a Delaware limited liability company

METRORISING AMS OWNER LLC, a Delaware limited liability company

MIDCOR ASSOCIATES V, LLC, an Arizona limited liability company

MONTEBELLO PLAZA ASSOCIATES, an Arizona general partnership

NEW RIVER ASSOCIATES, an Arizona general partnership

NORTHGATE MALL ASSOCIATES, a California general partnership

NORTHPARK LAND PARTNERS, L.P., a Delaware limited partnership

NORTHPARK PARTNERS, L.P., a Delaware limited 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

PARADISE WEST #1, L.L.C., an Arizona limited liability company

PARADISE WEST PARCEL 4, LLC, an Arizona limited liability company

PHXAZ/KIERLAND COMMONS, L.L.C., 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 KITSAP MALL LLC, a Delaware limited liability company

PPR KITSAP PLACE LLC, a Delaware limited liability company

PPR LAKEWOOD ADJACENT, LLC, a Delaware limited liability company

PPR NORTH POINT 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

PPRT LAKEWOOD MALL CORP., a Delaware corporation

PPRT TRUST LLC, a Delaware limited liability company

PROMENADE ASSOCIATES, L.L.C., an Arizona limited liability company

PROPCOR ASSOCIATES, an Arizona general partnership

PROPCOR II ASSOCIATES, LLC, an Arizona limited liability company

RAILHEAD ASSOCIATES, L.L.C., an Arizona limited liability company

RUSS LYON REALTY/WESTCOR VENTURE I, an Arizona general partnership

SANTAN FESTIVAL, LLC, an Arizona limited liability company

SANTAN VILLAGE PHASE 2 LLC, an Arizona limited liability company

SCOTTSDALE/101 ASSOCIATES, LLC, an Arizona limited liability company

SCOTTSDALE FASHION SQUARE PARTNERSHIP, an Arizona general partnership

SDG MACERICH PROPERTIES, L.P., a Delaware limited partnership

SM PORTFOLIO LIMITED PARTNERSHIP, a Delaware limited partnership

SOUTHRIDGE ADJACENT LLC, a Delaware limited liability company

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

THE WESTCOR COMPANY LIMITED PARTNERSHIP, an Arizona limited partnership

THE WESTCOR COMPANY II LIMITED PARTNERSHIP, an Arizona limited partnership

TWC BORGATA CORP., an Arizona corporation

TWC BORGATA HOLDING, L.L.C., an Arizona limited liability company

TWC CHANDLER LLC, a Delaware limited liability company

TWC HILTON VILLAGE HOLDINGS, L.L.C., an Arizona limited liability company

TWC HILTON VILLAGE, INC., an Arizona corporation

TWC PROMENADE L.L.C., an Arizona limited liability company

TWC SCOTTSDALE CORP., an Arizona corporation

TWC SCOTTSDALE HOLDING, L.L.C., an Arizona limited liability company

TWC SCOTTSDALE MEZZANINE, L.L.C., an Arizona limited liability company

TWC II-PRESCOTT MALL, LLC, an Arizona limited liability company

TWC II PRESCOTT MALL SPE LLC, a Delaware limited liability company

TWC II TUCSON, LLC, an Arizona limited liability company

WEST ACRES DEVELOPMENT, LLP, a North Dakota limited liability partnership

WESTBAR LIMITED PARTNERSHIP, an Arizona limited partnership

WESTCOR/303 LLC, an Arizona limited liability company

WESTCOR/GILBERT, L.L.C., an Arizona limited liability company

WESTCOR/GILBERT PHASE 2 LLC, an Arizona limited liability company

WESTCOR/GOODYEAR, L.L.C., an Arizona limited liability company

WESTCOR LA ENCANTADA, L.P., a Delaware limited partnership

WESTCOR/PARADISE RIDGE, L.L.C., an Arizona limited liability company

WESTCOR PARTNERS, L.L.C., an Arizona limited liability company

WESTCOR PARTNERS OF COLORADO, LLC, a Colorado limited liability company

WESTCOR PARTNERS PROPERTIES, L.L.C., an Arizona limited liability company

WESTCOR REALTY LIMITED PARTNERSHIP, a Delaware limited partnership

WESTCOR/SURPRISE LLC, an Arizona limited liability company

WESTCOR TRS LLC, a Delaware limited liability company

WESTDAY ASSOCIATES LIMITED PARTNERSHIP, an Arizona limited partnership

WESTLINC ASSOCIATES, an Arizona general partnership

WESTPEN ASSOCIATES, an Arizona general partnership

WM INLAND INVESTORS IV, L.L.C., a Delaware limited liability company

WM INLAND (MAY) IV, L.L.C., a Delaware limited liability company

WM INLAND, L.L.C., a Delaware limited liability company

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Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
The Macerich Company
Santa Monica, California

We consent to the incorporation by reference in the Registration Statements on Form S-3 File Nos. 333-21157, 333-80129, 333-88718, 333-107063, 333-109733, 333-121630 and Form S-8 of our reports dated March 25, 2005 relating to the consolidated financial statements and consolidated financial statement schedules of The Macerich Company and of Pacific Premier Retail Trust, and management's report on the effectiveness of internal control over financial reporting appearing in and incorporated by reference in this Annual Report on Form 10-K of The Macerich Company for the year ended December 31, 2004.

Deloitte & Touche, LLP
Los Angeles, California
March 25, 2005

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-21157), Form S-3 (File No. 333-80129), Form S-3 (File No. 333-88718), Form S-3, (File No. 333-107063), Form S-3 (File No. 333-109733), Form S-3 (File No. 333-121630) and Form S-8 of The Macerich Company of our reports dated March 11, 2004, except for Note 2, Accounting for the Impairment or Disposal of Long-Lived Assets as to which the date is March 11, 2005 and March 11, 2004, relating to the consolidated financial statements and financial statement schedules of The Macerich Company and of Pacific Premier Retail Trust, which appear in this Form 10-K.

PricewaterhouseCoopers LLP
Los Angeles, California
March 25, 2005

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CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Exhibit 23.3

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Partners
SDG Macerich Properties, L.P.
and
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. 333-80129), Form S-3 (File No. 333-88718), Form S-3 (File No. 333-107063), Form S-3 (File No. 333-109733), Form S-3 (File No. 333-121630) and Form S-8 of our report dated March 4, 2005, relating to the balance sheets of SDG Macerich Properties, L.P. as of December 31, 2004 and 2003, and the related statements of operations, cash flows, and partners' equity for each of the years in the three- year period ended December 31, 2004, and the related financial statement schedule, which report appears in the December 31, 2004 Annual Report on Form 10-K of The Macerich Company.

KPMG LLP
Indianapolis, Indiana
March 25, 2005

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Exhibit 31.1

SECTION 302 CERTIFICATION

I, Arthur M. Coppola, certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2004 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrants other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 25, 2005

/s/ ARTHUR M. COPPOLA

[Signature]

President and Chief Executive Officer

[Title]

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Exhibit 31.2

SECTION 302 CERTIFICATION, Continued:

I, Thomas E. O'Hern certify that:

1. I have reviewed this report on Form 10-K for the year ended December 31, 2004 of The Macerich Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrants other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's fourth fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 25, 2005

/s/ THOMAS E. O'HERN

[Signature]

Executive Vice President and Chief Financial Officer

[Title]

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SECTION 302 CERTIFICATION, Continued

Exhibit 32.1

THE MACERICH COMPANY (The Company)
WRITTEN STATEMENT
PURSUANT TO
18 U.S.C. SECTION 1350

The undersigned, Arthur M. Coppola and Thomas E. O'Hern, the Chief Executive Officer and Chief Financial Officer, respectively, of The Macerich Company (the "Company"), pursuant to 18 U.S.C. §1350, hereby certify that, to the best of their knowlege:

(i) the Annual Report on Form 10-K for the year ended December 31, 2004 of the Company (the "Report") fully complies with the requirements of Section 13(a) and 15(d) of the Securities Exchange Act of 1934; and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 25, 2005

/s/ ARTHUR M. COPPOLA

Arthur M. Coppola
President and Chief Executive Officer

/s/ THOMAS E. O'HERN

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