



# 03

The Macerich Company  
Ten Years as a Public Company

## THE MACERICH COMPANY

Forty years ago Macerich was a small but promising real estate venture. Today, thanks to our commitment to making acquisitions with value-creating potential and our ability to utilize our redevelopment and property management expertise for maximum return, we are a \$7 billion total market capitalization, New York Stock Exchange-listed company. We are also now one of the largest owners of regional malls in the nation. Our acquisition of Westcor, with its high-quality Arizona portfolio and strong development capabilities, is just the latest example of our strategic success. As we celebrate 10 years as a public company, we look forward to continued growth and expansion, and as always we look forward to consistently delivering strong stockholder value.

**ABOUT THE COVER** Opened in October 2001 and featuring innovative enclosed and open environments, Chandler Fashion Center is located in the heart of Arizona's affluent, young and rapidly growing southeast valley. Nearly 99% leased, this state-of-the-art center continues to exceed retailers' sales expectations, averaging \$400 per square foot.



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*01: Focus on Phoenix*

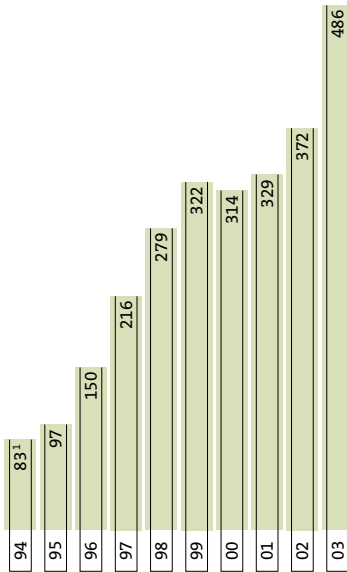
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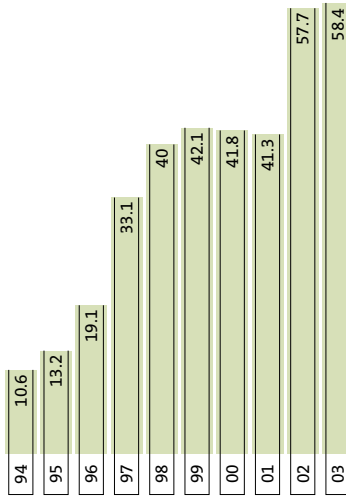


**Total Revenues<sup>2</sup>**  
in millions

Total revenues include 100% of all revenues from wholly owned assets. The compounded annual growth over the past 10 years of 21% is primarily a result of increasing the size and quality of our portfolio and aggressive hands-on management.

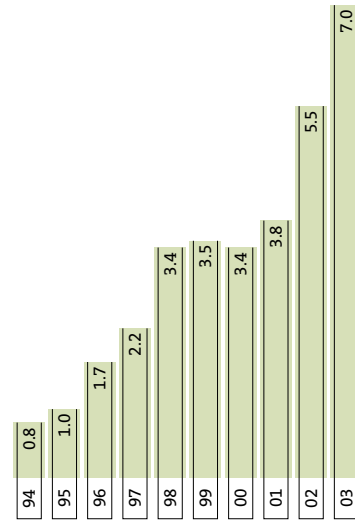
<sup>1</sup> Pro forma

<sup>2</sup> Excludes revenue from discontinued operations



**Total Square Footage at Year-End** in millions

As illustrated above, we have had consistent growth in the size of our portfolio in terms of leasable square footage. This resulted primarily from increasing the number of malls owned from 13 at our 1994 IPO to 59 today.

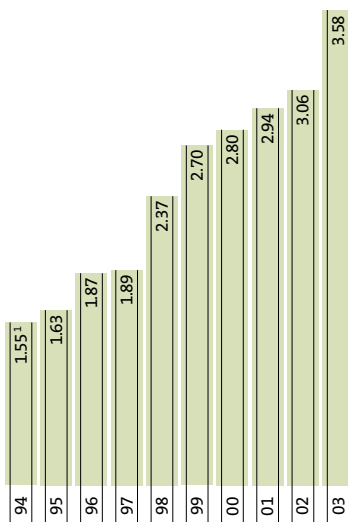


**Total Market Capitalization at Year-End<sup>3</sup>** in billions

The graph above reflects that we have had a ninefold growth in total market capitalization during the 10-year period since our March 1994 IPO.

<sup>3</sup> Includes equity at year-end stock price plus debt including a pro rata share of joint venture debt

The regional mall industry was highly fragmented in 1994. During the subsequent decade, there was a tremendous amount of industry consolidation. Macerich has been one of the sector's leading consolidators and today is one of the country's largest mall companies.



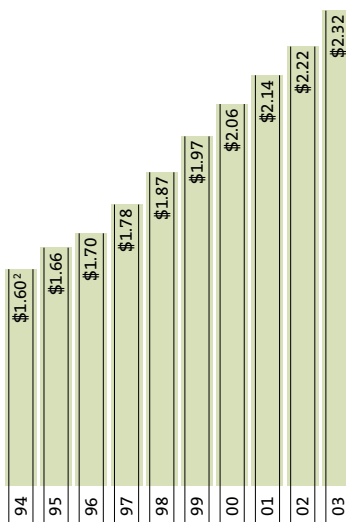
### FFO per Diluted Share

10% Compounded Annual Growth

We have had growth in FFO per Diluted Share every year from 1994 to 2003. We have had a compounded annual growth of 10% for this important supplemental performance measure.

*For the reconciliation of FFO and FFO-diluted to net income and a definition of FFO, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Funds from Operations" in the Form 10-K included herein.*

<sup>1</sup> Pro forma

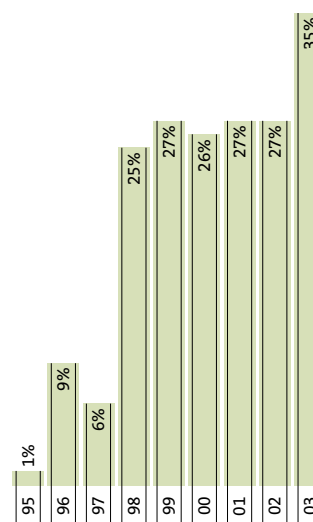


### Dividend per Share

in millions

Reflected above are annual dividends. We have had an increase in the dividend in each of the past 10 years. The dividend growth since year-end 1994, on a compounded annual basis, is 4.2%.

<sup>2</sup> Annualized



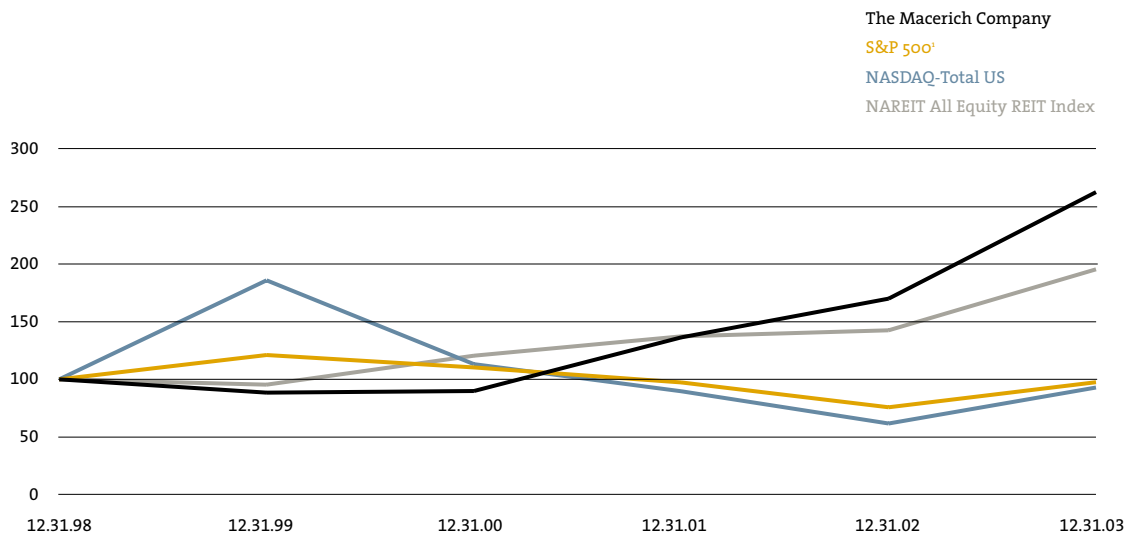
### Percentage of FFO per Share

in excess of dividend per share<sup>3</sup>

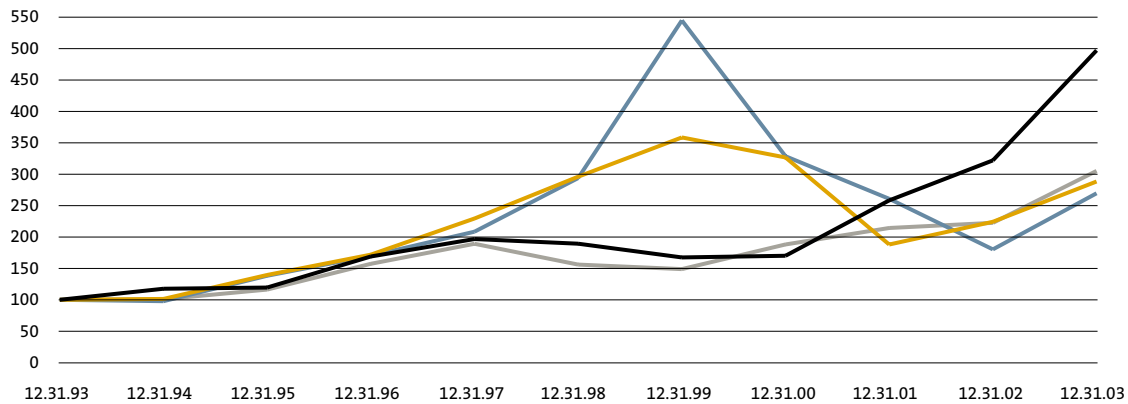
The above chart reflects the relationship between FFO per Share and our dividend. In 1995, almost all of our FFO per Share was paid out in the form of a dividend. The amount of FFO per share in excess of the dividend has increased to 35% in 2003. This reflects a healthy dividend environment and a positive trend.

<sup>3</sup> Calculated as (FFO per share-diluted minus dividend per share) divided by FFO per share-diluted

In comparing the historical Dividend per Share to the FFO per Share graph, on average the dividend increases equal about 40% of FFO growth, which is being paid out in the form of an increased dividend, while the remaining 60% of the increase in FFO is redeployed in our business. Meanwhile, FFO in excess of the dividend has increased to approximately \$95 million in 2003.



### 5-Year Total Return Performance



### 10-Year Total Return Performance

*Source: SNL Financial LC, Charlottesville, VA and CRSP, Center for Research in Security Prices, Graduate School of Business, The University of Chicago 2004. Used with permission. All rights reserved. crsp.com.*

The charts above reflect the 5- and 10-year total return performance for the S&P 500, the National Association of Real Estate Investment Trusts (“NAREIT”) All Equity REIT Index and NASDAQ compared to the total stockholder return (including dividend reinvestment) for Macerich for the comparable periods. The 17% compounded annual stockholder return for Macerich since its IPO through December 31, 2003, was significantly better than the NAREIT Index, NASDAQ or the S&P 500.

## FINANCIAL HIGHLIGHTS

	2003	2002	2001	2000	1999
(All amounts in thousands, except share and per share amounts)					
<b>Operating Data</b>					
Total revenues	\$ 486,004	\$ 372,500	\$ 329,152	\$ 314,199	\$ 322,070
Shopping center and operating expenses	\$ 171,681	\$ 127,080	\$ 109,480	\$ 100,369	\$ 99,099
REIT general and administrative expenses	\$ 10,724	\$ 7,435	\$ 6,780	\$ 5,509	\$ 5,488
Net income	\$ 128,034	\$ 81,382	\$ 77,723	\$ 56,929	\$ 129,011
Net income per share—diluted	\$ 2.09	\$ 1.62	\$ 1.72	\$ 1.11	\$ 2.99
<b>Other Data</b>					
FFO – diluted <sup>1</sup>	\$ 269,132	\$ 194,643	\$ 173,372	\$ 166,281	\$ 164,461
Cash distributions declared per common share	\$ 2.32	\$ 2.22	\$ 2.14	\$ 2.06	\$ 1.965
Portfolio occupancy at year-end	93.3%	93.9%	92.4%	93.3%	92.8%
Average tenant sales per square foot – mall and freestanding stores	\$ 361	\$ 355	\$ 350	\$ 349	\$ 336
<b>Balance Sheet Data</b>					
Investment in real estate (before accumulated depreciation)	\$ 3,702,359	\$ 3,251,674	\$ 2,227,833	\$ 2,228,468	\$ 2,174,535
Total assets	\$ 4,145,593	\$ 3,662,080	\$ 2,294,502	\$ 2,337,242	\$ 2,404,293
Total mortgage, notes and debentures payable	\$ 2,682,599	\$ 2,291,908	\$ 1,523,660	\$ 1,550,935	\$ 1,561,127
Minority interest <sup>2</sup>	\$ 237,615	\$ 221,497	\$ 113,986	\$ 120,500	\$ 129,295
Common stockholders' equity plus preferred stock	\$ 1,052,415	\$ 1,045,134	\$ 596,290	\$ 609,608	\$ 648,590

<sup>1</sup>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 “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Funds from Operations” in our Form 10-K included herein.

In compliance with the Securities and Exchange Commission’s new regulations, the Company has revised its FFO definition as of January 1, 2003 and for all prior periods presented. The FFO definition now includes gain or loss on sales of peripheral land, impairment of assets, losses on debt-related transactions and the effect of SFAS No. 141. The Company’s revised definition is in accordance with the definition provided by NAREIT.

<sup>2</sup> “Minority Interest” reflects the ownership interest in The Macerich Partnership, L.P. or other unconsolidated entities not owned by the REIT (Macerich).

**Forward-Looking Statements.** This Annual Report contains or incorporates statements that constitute forward-looking statements. Those statements appear in a number of places in this Annual Report and include statements regarding, among other matters, the Company’s growth, acquisition, redevelopment and development opportunities, the Company’s acquisition strategy, regulatory matters pertaining to compliance with governmental regulations and other factors affecting the Company’s financial condition or results of operations. Words such as “expects,” “anticipates,” “intends,” “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, 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 technology, 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. You are directed to the Company’s various filings with the Securities and Exchange Commission (including our Form 10-K) for a discussion of such risks and uncertainties. The Company will not update any forward-looking information to reflect actual results or changes in the factors affecting the forward-looking information.





# 01:

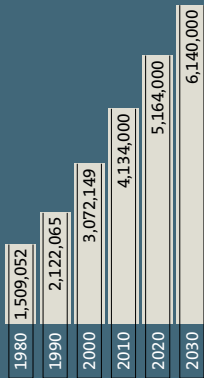
## Focus on Phoenix

The attraction of the Westcor acquisition lies in the company's market dominance, its commitment to quality in its properties and its people, and its development expertise. Together, these attributes complement Macerich and create a compelling story for its future growth.

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**ABOVE** *Scottsdale Fashion Square \* Scottsdale, Arizona*

The crown jewel of the Westcor portfolio is Scottsdale Fashion Square, the largest shopping destination in the Southwest. One of the most successful super-regional malls in the country, it is home to many exclusive retailers not represented elsewhere in Arizona.



Projected Phoenix Population  
 Source: Maricopa Association  
 of Governments

### Phoenix Population Boom

As noted in the chart to the left, Phoenix is still growing. The population is expected to nearly double to more than 6 million residents over the next 25 years.

#### BELOW *Biltmore Fashion Park \* Phoenix, Arizona*

The recent acquisition of Biltmore Fashion Park strategically adds to Westcor's market dominance in serving the upscale shopper and tourist.

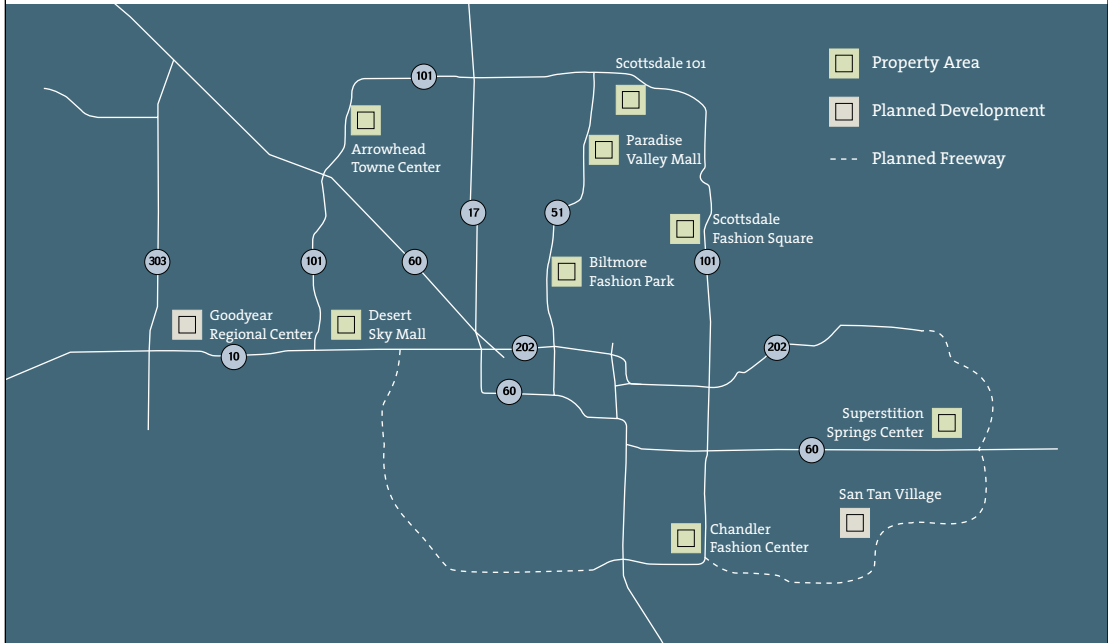
#### UPPER RIGHT *Chandler Fashion Center \* Chandler, Arizona*

Westcor's newest super-regional mall, Chandler Fashion Center, opened in fall 2001, with traffic, sales and merchandising efforts exceeding all expectations.

#### LOWER RIGHT *Metro Phoenix*

Westcor serves the needs of its retailers and customers today and in the future with its vast network of existing properties and its development pipeline.







**ABOVE** Westcor has positioned itself to maintain its dominance and its commitment to quality in a rapidly growing market. Westcor's customers, retailers and shoppers can all expect a bright future.







## O2:

### West Coast Dominance

One of the nation's largest owners of shopping centers on the West Coast, Macerich dominates burgeoning trade areas from Los Angeles to Seattle as well as markets in between, such as California's fast-growing San Joaquin Valley and Central Coast.

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*ABOVE* Washington Square \* Portland, Oregon

Among the most successful malls in the United States, Washington Square generates sales approaching \$500 million, and its specialty stores report sales of \$553 per square foot, well above the national average of \$300 per square foot.

# 18

million square feet of retail space along the West Coast

## West Coast Dominance

Macerich owns and operates 21 malls aggregating 18 million square feet of retail space along the West Coast, making us retailers' owner of choice.

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### BELOW *Broadway Plaza \* Walnut Creek, California*

This award-winning open-air urban center has become a downtown for affluent Walnut Creek, stimulating the area's retail boom.

### RIGHT *Los Cerritos Center \* Cerritos, California*

In southwest L.A. County, Los Cerritos Center is a five-anchor mall serving 750,000 people and achieving sales in excess of \$440 per square foot.







**ABOVE** Soft play areas, family restrooms and special events for children are just some of the ways we make shopping fun for kids too.







# 03:

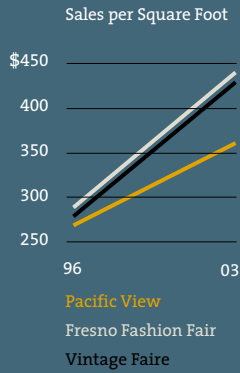
## Redevelopment Expertise

Macerich continually strives to enhance customers' shopping environment and provide retailers with state-of-the-art facilities. Our expertise in redevelopment, leasing, management and marketing has maximized our properties' retail sales potential since the company's inception.

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*ABOVE Fresno Fashion Fair \* Fresno, California*

Purchased in 1996, Fresno Fashion Fair has seen sales rise from \$289 per square foot to \$442 per square foot in response to Macerich's aggressive upgrading of the property's merchant mix and completion of a renovation in 2003.



## Growth in Sales

In California, Macerich achieved gains in excess of \$100 per square foot in retail sales at Vintage Faire, Fresno Fashion Fair and Pacific View since acquisition.

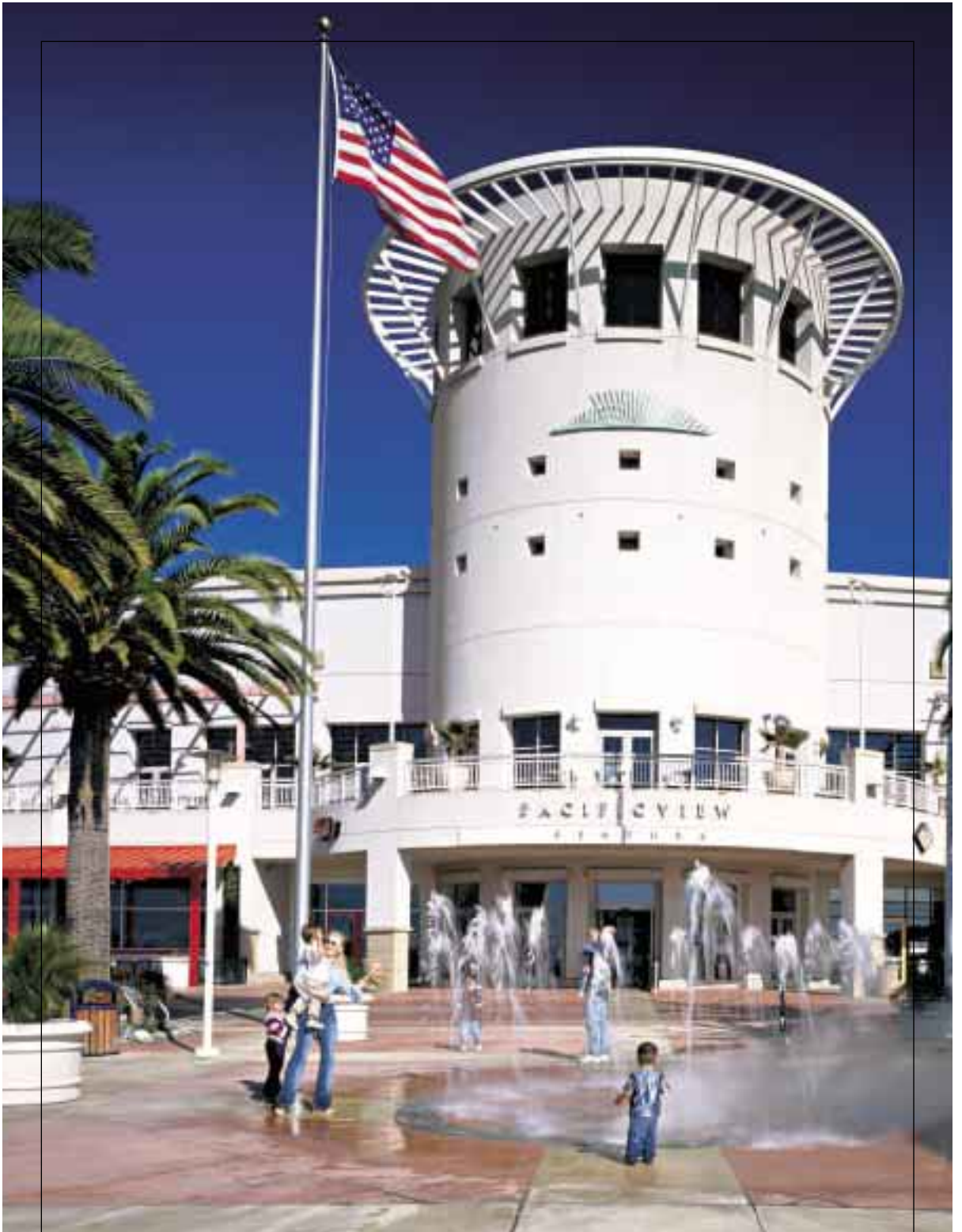
### BELOW *Vintage Faire \* Modesto, California*

Purchased in 1996, Modesto's Vintage Faire has experienced significant growth in retail sales with specialty store sales now exceeding \$420 per square foot.

### RIGHT *Pacific View \* Ventura, California*

Macerich transformed Ventura's Pacific View into a 1 million square-foot, four-anchor, two-level mall generating sales in excess of \$361 per square foot.







**ABOVE** Macerich centers function as the community's social and commercial hub, providing an environment for families and friends to gather at their "Town Center."







## 04:

### Macerich Makes Good Things Happen

We are dedicated to making “good things happen” in every community we serve. With this purpose, we were able to raise over \$11.8 million in 2003 for a wide range of charitable causes that included schools, food banks, hospitals and other health-related causes.

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**ABOVE** Holiday festivities are an integral part of Macerich’s community outreach commitment. Thousands of families enjoy a snowy experience at winter holiday events at our Los Angeles area malls.

# \$11.8

million raised for  
charitable causes  
in 2003

**BELOW LEFT** A flag raising attended by veterans groups is the cornerstone of An Old Glory-ous Celebration, Macerich's annual summerlong tribute to patriotism.

**BELOW RIGHT** Macerich hosted Shoes for Orphan Souls, auctioning celebrity shoes and distributing over 40,000 pairs of customer-donated shoes to local children's organizations.

**UPPER RIGHT** Macerich centers feature Kids and Moms Clubs, as well as soft play areas for children, enhancing the shopping experience for the entire family.

**UPPER FAR RIGHT** Macerich's partnership with the City of Lakewood in the return of its annual fireworks display reflects our firm commitment to our communities.

**LOWER FAR RIGHT** The Santa Monica office cleaned the beach during a portfolio-wide volunteer week, kicking off the start of the Macerich Volunteer Program (MVP).







**ABOVE** Flagstaff Mall embraces the local Native American and Mexican American population by hosting the annual Heritage Fest, a three-day cultural celebration that anchors the shopping center as a preferred shopping destination.

of Diana Laing to the board in 2003. Diana has a very strong public company and financial background and takes her place on our board and as our chairperson of the audit committee.

As always we want to thank our stockholders, employees, tenants, partners and particularly our board of directors for their support and guidance through the year. We look forward to continuing to report positive results to you in the future.

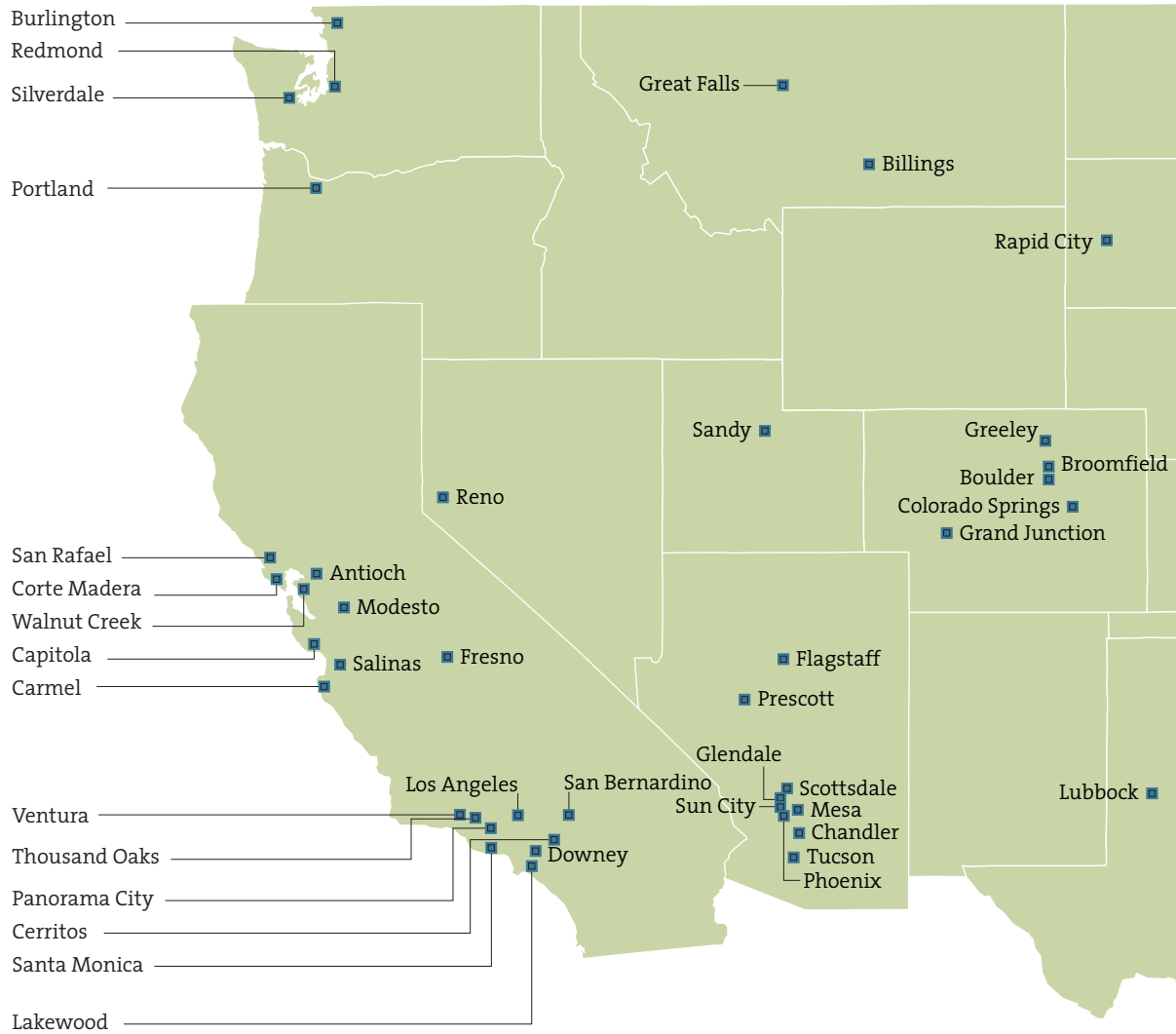


Mace Siegel  
*Chairman of the Board*



Arthur M. Coppola  
*President, Chief Executive  
Officer & Director*







Macerich malls are located in 22 states across the country and serve major metropolitan areas such as Los Angeles, Phoenix, San Francisco, Portland, Seattle, Denver, Salt Lake City, Dallas and New York City.

## Directors and Executive Officers

Mace Siegel  
*Chairman of the Board*

Arthur M. Coppola  
*President,  
Chief Executive Officer  
and Director*

Dana Anderson  
*Vice Chairman of the Board*

Edward C. Coppola  
*Executive Vice President  
and Director*

James S. Cownie  
*Director  
Private Investor*

Diana Laing  
*Director  
Chief Financial Officer  
Triple Net Properties, LLC*

Fred S. Hubbell  
*Director  
Member of the Executive Board  
and Chairman of the Executive  
Committee of the Americas for  
ING Group*

Stanley A. Moore  
*Director  
Chief Executive Officer  
Overton Moore  
Properties*

Dr. William P. Sexton  
*Director  
Vice President,  
Emeritus and Professor  
of Management  
University of Notre Dame*

Richard A. Bayer  
*Executive Vice President,  
General Counsel and Secretary*

David J. Contis  
*Executive Vice President and  
Chief Operating Officer*

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

Larry E. Sidwell  
*Executive Vice President  
Real Estate*

## Senior Officers

Randy Brant  
*Development Leasing*

Scott Burchard  
*Business Development*

Michael Busenhart  
*Acquisitions*

Lori A. Gatto  
*Asset Management*

John M. Genovese  
*Development*

Tracey Gotsis  
*Marketing*

J.P. Jones  
*Information Technology*

James H. Kinney  
*Legal*

Genene M. Kruger  
*Human Resources*

Thomas J. Pendergrast  
*Acquisitions*

Michael Potter  
*Business Development*

Eric Salo  
*Strategic Planning*

David Scholl  
*Development*

Dane F. Smith  
*Leasing*

Stephen L. Spector  
*Legal*

Gene Thompson  
*Security*

Michael Treadwell  
*Development*

Thomas C. Unis  
*Lease Management*

Susan M. Valentine  
*Marketing*

Charles P. Waldron  
*Management*

Robert B. Williams  
*Asset Management*

Christopher J. Zecchini  
*Accounting*

## Principal Outside Counsel

O'Melveny & Myers, LLP  
Los Angeles, California

## Independent Auditor

PricewaterhouseCoopers LLP  
Los Angeles, California

## Annual Meeting

May 28, 2004  
The Fairmont  
Miramar Hotel  
101 Wilshire Boulevard  
Santa Monica, California  
90401

## Stock Exchange Listing

New York Stock Exchange

Symbol: MAC

The common stock of the Company is listed and traded on the New York Stock Exchange (NYSE) under the symbol "MAC." The common stock began trading on March 10, 1994 at a price of \$19 per share. In 2003, the Company's shares traded at a high of \$45.16 and a low of \$28.65.

As of February 29, 2004, there were approximately 666 stockholders of record. The following table shows high and low closing prices per share of common stock for each quarter in 2001, 2002 and 2003 and dividends/distributions per share of common stock declared and paid by quarter.

Quarters Ended	Market	Dividends/ Distributions	
	Quotation Per Share	High	Low Declared and Paid
March 31, 2001	\$21.95	\$18.75	\$0.53
June 30, 2001	\$24.80	\$21.31	\$0.53
September 30, 2001	\$25.20	\$21.50	\$0.53
December 31, 2001	\$26.60	\$21.85	\$0.55
March 31, 2002	\$30.15	\$26.30	\$0.55
June 30, 2002	\$31.48	\$28.10	\$0.55
September 30, 2002	\$31.04	\$26.65	\$0.55
December 31, 2002	\$31.17	\$27.53	\$0.57
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

## Transfer Agent

EquiServe Trust Company, N.A.  
P.O. Box 2500  
Jersey City, New Jersey 07303

## Dividend Reinvestment Plan

Stockholders may automatically reinvest their dividends in additional common stock of the Company through the Direct Investment Program which also provides for purchase by voluntary cash contributions. For additional information, please contact EquiServe Trust Company, N.A. at 1-800-567-0169.

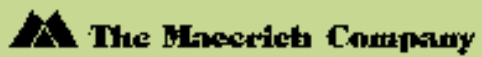
## Macerich Website

For an electronic version of this Annual Report, our SEC filings and documents relating to Corporate Governance, please visit [www.macerich.com](http://www.macerich.com).

## Corporate Headquarters

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