



Going Places
Macerich Annual Report 2006



It's more than the end result—it's the journey.

At Macerich®, what's important isn't just the destination. It's the bigger picture, the before and after...the path we take to create remarkable places.

For retailers, it's about collaboration and continual reinvestment in our business and theirs. For the communities we serve, it's about working together to create destinations that reflect their wants and needs. For investors, it's about long-term value creation stemming from a clear vision. For consumers, it's about the total experience our destinations deliver.

Letter to Our Stockholders

Macerich continued to create significant value in 2006 by elevating our portfolio and building a sizeable return for our stockholders. Total stockholder return for the year was 33.9%, contributing to a three-year total return of 121.5% and a five-year total return of 326.2%. In 2006, the company increased dividends for the 13th consecutive year.

As a company that considers its pipeline a tremendous source of strength and growth, Macerich reached an important milestone in 2006 with the opening of Twenty Ninth Street in Boulder, Colorado. Not only is this a terrific new asset in an attractive, affluent community—it represents a signature Macerich strategy: to create new value in well-positioned properties.

For us personally, Twenty Ninth Street embodies the tenacity, creativity and long-term vision that set Macerich apart. We've owned this property for more than 25 years, and it was where we, along with Art's brother, Ed, discovered you could make a lasting connection with a property and a community. This relationship has endured to see the property renewed as a powerful revenue-generator that will be relevant to Boulder, and to our company, for years to come.

Twenty Ninth Street is a prime example of how 2006 was indeed a remarkable year of building net asset value for Macerich. We also completed the redevelopment of Carmel Plaza in Northern California, another excellent model of value creation, where we realized a significant return on our investment.

A Watershed Year for Entitlements With our sights squarely focused on creating value, 2006 also was a watershed year for entitlements that will allow us to take our properties to new levels of success. For example, our work in 2006 led to approval early this year for 3.5 million square feet of mixed-use space—one of the most promising plans in Macerich history—for our high-performing Tysons Corner Center in McLean, Virginia. Among many other key entitlements, we also gained

important approvals to add up to five mid-rise residential and office towers to the landmark Biltmore Fashion Park in Phoenix, which emerged from an extensive and well-received renovation last fall.

We executed over 1.52 million square feet of leases of less than 10,000 square feet—up from 1.2 million in 2005—at average initial rents of \$39.17, for a positive re-leasing spread of 18.5% for the year.

Demand was solid. Our tenants experienced good sales growth throughout the portfolio and we ended the year with our portfolio mall sales per square foot at \$452, compared to \$417 at year-end 2005. We continue to elevate the quality of our properties, delivering one of the most productive portfolios in the industry. Last year, Macerich's portfolio reflected steadily increasing sales per square foot, with the top half of Macerich properties averaging \$540 per square foot. Strong tenant sales growth coupled with solid leasing activity led to robust occupancy levels at year-end of 93.6%.

During the year, we sold eight non-core assets averaging \$303 per square foot in sales. The sales generated net proceeds of over \$300 million, which we plan to redeploy into new projects. This also helped drive our net income to \$252.4 million for the year, compared to \$71.7 million in 2005.

Strengthening Our Balance Sheet The past year was highly productive in terms of strengthening our balance sheet—an essential foundation for realizing our ambitious development projects. In addition to the strategic sales of eight appreciated, non-core assets, we continue to pursue our strategy of placing long-term fixed-rate mortgages on

The journey...so far



'64

Mace Siegel and Richard Cohen found the MaceRich Real Estate Company. Their first project is developing an abandoned athletic field in Ames, Iowa, into a thriving strip center.



'75

Macerich purchases its first regional mall, Lakewood Center in Southern California.



'76

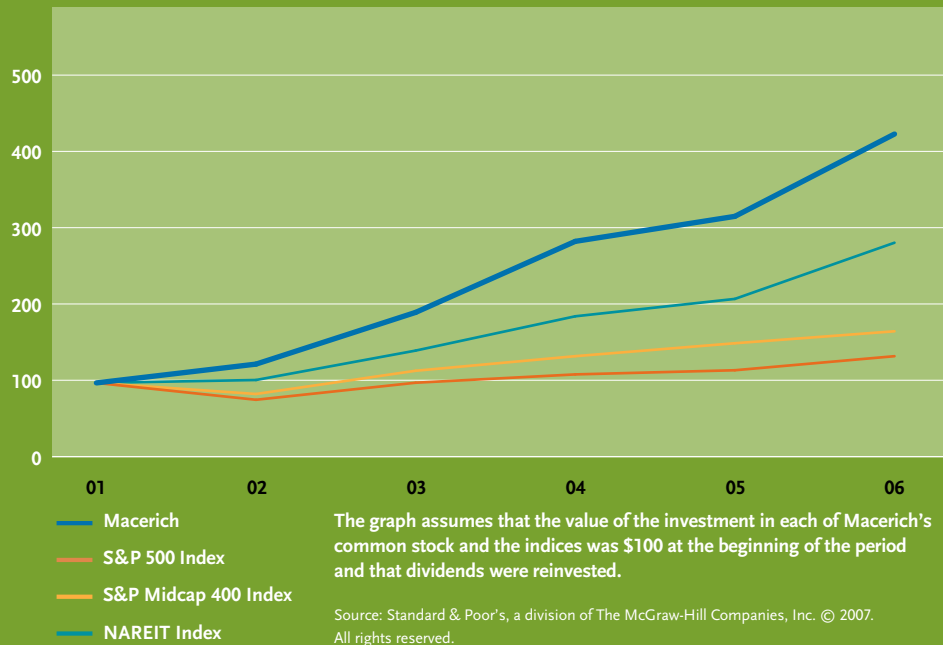
Corporate offices move to Santa Monica, California, where they remain today.

Financial Overview

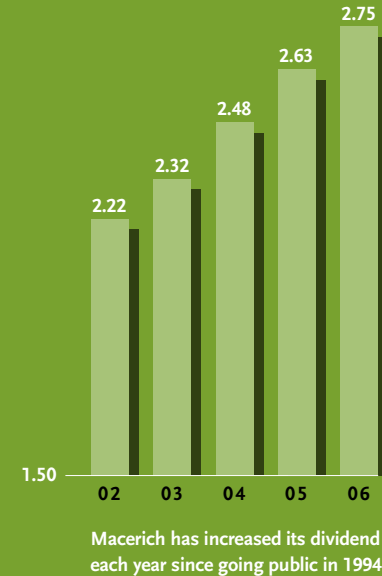
(All amounts in thousands, except per share and per square foot amounts)	2002	2003	2004	2005	2006
Operating Data					
Total revenues	\$317,300	\$438,117	\$495,175	\$711,824	\$829,656
Shopping center and operating expenses	\$99,377	\$136,881	\$146,465	\$223,905	\$262,127
Management Company expenses ¹	\$12,881	\$32,031	\$44,080	\$52,840	\$56,673
REIT general and administrative expenses	\$7,435	\$8,482	\$11,077	\$12,106	\$13,532
Net income	\$81,382	\$128,034	\$91,633	\$71,686	\$252,358
Net income per share—diluted	\$1.62	\$2.09	\$1.40	\$.88	\$3.19
Other Data					
FFO—diluted ²	\$194,643	\$269,132	\$299,172	\$336,831	\$383,122
Cash distributions declared per common share	\$2.22	\$2.32	\$2.48	\$2.63	\$2.75
Portfolio occupancy at year-end	93.9%	93.3%	92.5%	93.5%	93.6%
Average mall sales per square foot— mall and freestanding stores	\$355	\$361	\$391	\$417	\$452
Balance Sheet Data					
Investment in real estate (before accumulated depreciation)	\$3,251,674	\$3,662,359	\$4,149,776	\$6,160,595	\$6,499,205
Total assets	\$3,662,080	\$4,145,593	\$4,637,096	\$7,178,944	\$7,562,163
Total mortgage, notes and debentures payable	\$2,291,908	\$2,682,598	\$3,230,120	\$5,424,730	\$4,993,879
Minority interest ³	\$221,497	\$237,615	\$221,315	\$284,809	\$387,183
Common stockholders' equity plus preferred equity	\$1,045,134	\$1,052,419	\$1,012,467	\$1,161,329	\$1,876,526

Five-Year Performance

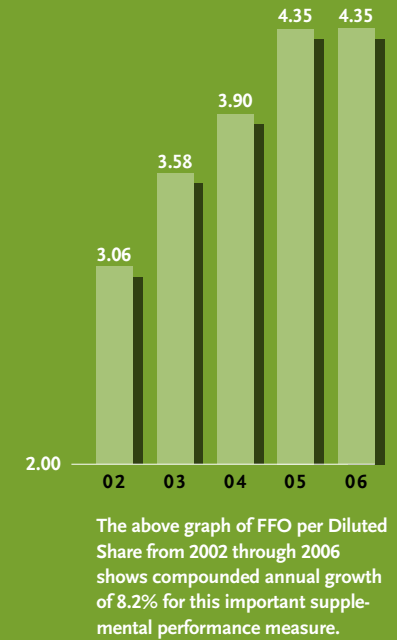
Five-Year Total Return Performance
(in dollars)



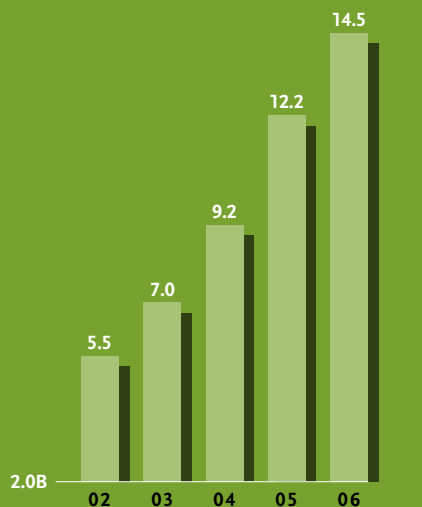
Dividend per Share
(in dollars)



FFO per Diluted Share
(in dollars)

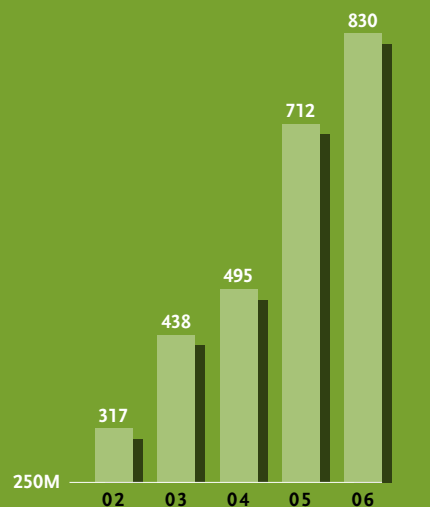


Total Market Capitalization at Year-End (in billions)



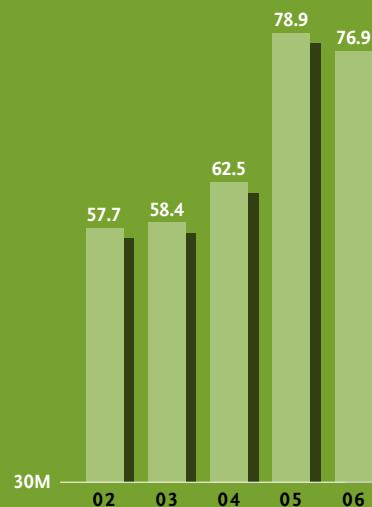
During the past five years there was a tremendous amount of industry consolidation. Macerich continues to be one of the sector's leading consolidators and today is one of the country's largest mall companies. The graph above reflects the growth in total market capitalization in the past five years.

Total Revenues (in millions)



Total revenues include 100% of all revenues from wholly-owned assets. The compounded annual growth, adjusted for discontinued operations, over the past five years of 26% is primarily a result of increasing the size and quality of the portfolio, and aggressive hands-on management.

Total Square Footage at Year-End (in millions)



The above graph illustrates the consistent growth in the size of the portfolio in terms of leasable square footage. This increase resulted primarily from significant acquisition activity from 2002 to 2005 with the slight decline in 2006 due to the disposition of eight non-core assets.

¹Effective July 1, 2003, the Company began consolidating the accounts of Macerich Management Company, in accordance with FIN 46. Effective July 26, 2002, the Company consolidated the accounts of the Westcor management companies.

²The 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.

³"Minority interest" reflects the ownership interest in The Macerich Partnership, L.P. or other 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 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, 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 under Item 1A—Risk Factors) for a discussion of such risks and uncertainties, which discussion is incorporated herein by reference. The Company will not update any forward-looking information to reflect actual results or changes in the factors affecting the forward-looking information.

properties and using the excess borrowing proceeds to pay down floating-rate corporate-level debt. Notably, Macerich reduced its floating-rate debt substantially to 20% at the end of 2006, down from 36% at the end of 2005. Furthermore, in the first quarter of 2007, refinancing activity again reduced our floating-rate debt to a level of 10% of total corporate debt.

In 2006, we completed more than \$2 billion of property-specific financings. We renegotiated and upsized our line of credit to \$1.5 billion at a reduced borrowing spread, and we raised more than \$740 million of equity. Funds from operations—diluted for the year were \$383.1 million or \$4.35 per share, compared to \$336.8 million or \$4.35 per share in 2005.

Macerich added an important new executive to our leadership team late in 2006. With an impressive track record in leading high-performing property management and leasing teams, Tony Grossi joined the company as Chief Operating Officer from Canada's premier real estate company, Cadillac Fairview. Tony's sophisticated leasing acumen is making significant contributions across the portfolio.

“Our work in 2006 led to approval early this year for 3.5 million square feet of mixed-use space—one of the most promising plans in Macerich history—for our high-performing Tysons Corner Center in McLean, Virginia.”

'79

Macerich acquires a key property, Boulder's Crossroads Mall, and begins a focus on acquisitions.



'81

Expanding its reach, Macerich opens a regional office in Dallas.



'85

Macerich expands its portfolio into Northern California with the acquisition of Broadway Plaza.



'94

Macerich goes public in a \$273 million offering.

'95



Macerich makes its entry into the East Coast market and purchases Queens Center in New York.

'96

Macerich buys significant properties in California and Texas, adding more than 4 million square feet to its portfolio.

'97

Macerich acquires 4 million square feet of GLA at significant Western U.S. properties.



'98

Carmel Plaza caps a streak of strategic property acquisitions, adding nearly 14 million square feet of GLA.

In many valuable ways, 2006 was an accomplished year for Macerich. Our acquisition of 11 former Federated spaces gave us an exciting new platform for growth. Already we're realizing added value as we have begun to establish highly tailored, market-specific new uses for these former department store spaces. At Scottsdale Fashion Square, we announced plans to open a 65,000-square-foot Barneys New York flagship store—Arizona's first—as part of a larger expansion scheduled to open in Fall 2009. At The Oaks in Thousand Oaks, California, we plan to open the region's first Nordstrom in Spring 2008 and leverage the former Federated space to also create a compelling outdoor lifestyle addition. Throughout the year, we also completed the groundwork for a number of other appealing and profitable anchor replacements that we expect to finalize in 2007.

Growth in Attractive Markets Highly important to our continued growth are strategic acquisitions that bolster our presence in fast-growing, attractive markets where we already have particular strength, including Arizona, California and along the Eastern Seaboard. Our \$241 million purchase in late 2006 of the locally dominant Deptford Mall, a 1-million-square-foot super-regional center in New Jersey, 20 minutes from Philadelphia, reflects this direction. Last year, we also announced an agreement to manage and redevelop Cross County Shopping Center in Yonkers, New York, a prime infill opportunity just outside of New York City.

“We continue to elevate the quality of our properties, delivering one of the most productive portfolios in the industry. Last year, Macerich’s portfolio reflected steadily increasing sales per square foot, with the top half of Macerich properties averaging \$540 per square foot.”

In one of our most vibrant markets, Phoenix, we advanced our industry-leading, long-range development plan, Phoenix 20/20. SanTan Village in Gilbert, a 1.2-million-square-foot open-air regional center is scheduled to open its much-anticipated first phase in Fall 2007. Elsewhere in Arizona, we are successfully pursuing a broad variety of pipeline activities ranging from Estrella Falls in Goodyear, a major regional center and mixed-use project expected to open its first phase in 2008, to The Promenade at Casa Grande in Pinal County, Prasada in Surprise, and The Shops at Tangerine in Marana outside of Tucson. Overall, this complement of strategic projects in Arizona will ensure our premier position in this important region.

As Eastern U.S. markets become more central to Macerich’s growth strategy, we are actively creating value through strategic redevelopment at such well-sited properties as Freehold Raceway Mall in New Jersey—

where a 100,000-square-foot lifestyle addition is scheduled to open this fall—to a full renovation of the Danbury Fair Mall in its affluent Connecticut community.

In Macerich’s hometown of Santa Monica, California, we are moving closer to approvals for a major redevelopment of Santa Monica Place. We believe this property, with one of the best retail locations in Southern California, is poised for exciting growth and long-term returns.

In all, we expect to average more than \$500 million in new development and redevelopment annually over the next five years. You’ll see a full outline of our pipeline projects starting on page 34 of this report—which brings to life the tremendous level of productive development work underway for 2007 and beyond.

'99



Macerich buys Santa Monica Place.

'02



Macerich acquires Westcor, Arizona's premier shopping center owner and developer with more than 14.1 million square feet of GLA.

'05



Establishing a definitive national footprint, Macerich acquires Wilmorite and gains more than 13.4 million square feet of GLA.

'06

Macerich celebrates revitalizations at key properties—Twenty Ninth Street in Boulder, Colorado, Carmel Plaza in Carmel-by-the-Sea, California, and Biltmore Fashion Park in Phoenix, Arizona.

How we go about developing and enhancing our real estate is the essence of Macerich. Our focus is on the process as much as the end result. Our sincere thanks and appreciation go to all those who have come along with us on this journey to creating remarkable places—our talented teams, valued retail partners and loyal shoppers. We also join with our Board of Directors to thank our stockholders for being part of our exciting vision and for their continued support of Macerich.

All tallied, 2006 was a terrific year for us. From a balance sheet perspective, and from an entitlements and net asset value perspective, Macerich is strongly positioned to pursue our pipeline of projects and succeed in creating value for our stockholders.

Very truly yours,



Mace Siegel
CHAIRMAN OF THE BOARD



Arthur M. Coppola
PRESIDENT AND CHIEF EXECUTIVE OFFICER

Key Trends & Impacts

Since the birth of the modern shopping center industry in the 1950s, the mall business has changed and grown considerably in response to constantly shifting consumer preferences and economic trends.

Today, a number of key influences are defining what's next for successful shopping, dining and entertainment destinations. Mall owners and developers have to think like retailers, act like shoppers and understand what matters to local communities and governments. Here are six macro trends that shape Macerich's outlook.

1

The Changing Shopping Center

New everyday uses are influencing shopping center design across the country—from upscale markets and boutique hotels to easy gathering places for communities to enjoy.

Retail's forward momentum stems from change. Our culture's broad embrace of what is new and fresh pushes retail real estate toward new formats and inventive amenities. As consumers and their preferences evolve, so must the shopping centers that attract them.

Many enclosed regional shopping malls and lifestyle centers in the United States are set today along

a curve of transformation. Increasingly, stepping forward to transform already attractive assets into properties that can better showcase retail concepts, better intrigue shoppers and better connect with local communities is a focus for major retail REITs, including Macerich.

What is changing? Amenities are going beyond the expected play areas and merry-go-rounds to embrace education, science, or even park settings for pets. Co-tenancy is being redefined, as modern customers welcome Costco to the mall where they also shop Macy's or Whole Foods.

We believe consumers are also looking for more at the mall—not only entertainment and shopping, but also a workplace and even a place to live. This drive toward densification likely will yield the greatest change of all at well-situated shopping centers that even now are thriving in the centers of their communities.



2

Increasingly sophisticated consumers want to put their own individual stamps on the brands that define their lifestyles. PUMA exemplifies this trend with its popular Mongolian Shoe BBQ.

Custom-Tailoring Malls to Local Communities

Consumers today have the ability to customize nearly everything—from athletic shoes at PUMA and men’s dress shirts at Neiman-Marcus to the Toyota Scion they can order online. When candy-colored iPod nanos are the norm, “off the shelf” in retail is increasingly off the mark.

Shopping centers are no exception: No longer do communities welcome “Anywhere, USA”-style



shopping centers. Instead, attuned and engaged residents have a long list of prerequisites for new and re-developed properties. Many times, these “must-haves” translate to a broader imperative: Build a shopping environment that feels right for this community or you won’t get permission to build it at all.

Our goal is to create authentic places; the lessons of Rodeo Drive and Fifth Avenue, Union Square and Michigan Avenue are guideposts as we create places like Twenty Ninth Street in Boulder, Colorado, or make plans to add density to

Tysons Corner Center near Washington, D.C. Real places have real meaning for consumers.

This remarkable cultural trend toward customization is worth paying attention to, as it will play a distinct role in shaping nearly every aspect of the shopping center industry in the years ahead.



Exciting new opportunities to regain valuable real estate are helping mall owners energize their retail mixes to meet changing consumer preferences and shopping patterns.

3

Regaining Valuable Real Estate

The Federated-May merger early in 2006 created significant opportunity for regional malls. Macerich's purchase of 11 Federated spaces across the country brought new control, flexibility and growth possibilities to our portfolio. While each property requires a unique and thoughtful design rather than a "plug-and-play" replacement, Macerich already is announcing plans for some of these compelling opportunities.

At The Oaks in Thousand Oaks, California, a prosperous suburban community, residents celebrated Macerich's midyear announcement to bring Nordstrom to the former Robinsons-May space. Slated to open in Fall 2008, Nordstrom at The Oaks is part of a broader plan to incorporate outdoor uses designed to suit Southern California lifestyles.

The Robinsons-May space at Arizona's luxury powerhouse Scottsdale Fashion Square cleared the way for the state's first Barneys New York, scheduled to open in Fall 2009. This luxury coup underscores the dominance of Macerich's luxury assets in the high-growth Phoenix marketplace.

Macerich believes the coming year holds significant promise for additional creative and market-specific plans to leverage these valuable spaces for maximum long-term productivity. In the case of Lakewood Center Mall, Macerich's first California property and still a high-performing bellwether within the portfolio, plans call for replacing Robinsons-May with a sought-after Costco.





Brand-centric shoppers keen on upscale labels and high-quality goods are fueling a continued growth in luxury retail that is elevating the experience at shopping centers worldwide.

The Luxury Factor

The success of elite luxury properties in the Macerich portfolio reflects the continuing strengths of the burgeoning luxury market and the desire of top luxury brands to expand their presence in new markets.

No longer considered an ephemeral phase for the retail industry, luxury growth continues to be buoyed by rising incomes for America's wealthiest consumers and an

increasingly established preference for high-quality, upscale products that help shape consumers' identities. Observers of long-term trends see a strong and continued appetite for luxury goods that define the good life in America and around the world.

From La Encantada in Tucson, Arizona, where a mix of high-end local shoppers and Mexican nationals creates a vibrant and unique customer base, and Broadway Plaza, located at the heart of San Francisco's long-standing upscale

4

East Bay area, to plans for a new Santa Monica Place in this exclusive Southern California beach city, Macerich believes it is well positioned to continue to grow its luxury properties in the Western United States. New luxury retailers committed to Macerich properties in 2006 include Barneys New York, Bottega Veneta and a far-ranging Coach portfolio agreement.

5

Relationships with all stakeholders—communities, consumers, local governments and especially retailers—are more important to shopping center owners than ever before. Macerich's new MAC 50 program underscores the central role of retailer relationships.

Building Relationships

Strong relationships have never been more important to the real estate and retail industries, as communities learn again the power of activism and as retailers understand the increasing influence they have to shape projects and shopping environments.

In a mature shopping center landscape, with growth becoming increasingly dependent on the ability to successfully redevelop

key malls, forward-thinking property owners must create and nurture a nexus of strong, insightful relationships with communities and municipalities.

Macerich's consistent approach incorporates strong and open communications, proactive dialogue and opportunities to bring solutions to the table—all built firmly on a discipline of listening to communities. Creating connections ranges from small-group meetings with stakeholders to more informal communications, including a lighthearted, grassroots "Random Acts of Kindness" program launched

in 2004 designed to reach local residents with tailored information about Macerich projects in development.

Listening is essential, as well, with our industry's most important partners: retailers. Macerich in 2006 introduced a special effort called the "MAC 50"—a program to more closely engage valued retail partners in every category.

MAC 50

6

Few can argue that American consumers love to shop. From tech-savvy teens to affluent and quality-conscious boomers, they express their positive outlook through all-weather purchasing patterns.

Consumer Outlook and Consumer Confidence

Unquestionably, consumers are at the core of the U.S. economy, and their buoyancy through the vagaries of changing economic conditions continues to support the long-term health of both the retail and retail real estate industries. We expect this resilience, seen over many decades of change and myriad shifts in outlook, to continue.

Shopping is a solid aspect of how Americans express their belief in the future and their place in it. If our industry continues to work to understand and meet consumers' needs for positive, fresh experiences in our retail properties, our business will continue to prosper over the long term, as it has for more than four decades.



Case Studies from the Macerich Portfolio

Our success stems from a deeply rooted commitment to embrace and reflect the changing preferences of consumers, retailers and communities on every step of the journey toward creating remarkable destinations.

Along this road to remarkable, we strive to provide an authentic, collaborative and innovative experience for our partners—including retailers, employees, stockholders, communities and shoppers. We're always learning and never standing still, as these three 2006 stories from our portfolio demonstrate.



20



24



28

GROSS LEASABLE AREA
595,457 sf

ANCHORS
**Saks Fifth Avenue
Macy's**

RETAILERS
**Ralph Lauren
Cartier
Escada**

PROPERTY TYPE
**Outdoor luxury
shopping center**

REDEVELOPED
2006



BILTMORE FASHION PARK

An Elegant Renovation Sets the Stage for Growth

Biltmore Fashion Park, the original luxury shopping center in Phoenix, emerged in Fall 2006 following a striking physical transformation, giving the 43-year-old, 595,457-square-foot property a thoroughly modern new look.

The “Grand Dame’s” elegant update also sets the stage for a second-phase development—a design that will bring several mid-rise buildings up to 165 feet at the center, providing space for hotel, office and/or residential use to complement the dynamic Biltmore retail scene.

Biltmore Fashion Park’s renovation has already drawn a cadre of new retailers to its lush environs: Arizona’s first Vera Bradley, Bella Dimora and first-to-market restaurant concept Oceanaire. These new entries join more than 70 distinctive boutiques, retail shops and restaurants, including Phoenix’s only Saks Fifth Avenue, plus Cartier and Ralph Lauren.

Securing a Luxury Stronghold Completing Macerich’s luxury trifecta in Phoenix, the purchase of Biltmore Fashion Park in 2003 secured the Company’s powerful luxury stronghold in this fast-growing region. By adding Biltmore Fashion Park to Scottsdale Fashion Square and Kierland Commons, Macerich laid full claim to upscale shopper loyalty and new opportunities to bring important density to this beloved luxury original, located at the epicenter of Phoenix’s “Camelback Core,” the city’s high-end residential and office district.

“The beautifully renovated Biltmore, with its long-standing position as a luxury fashion destination, was the perfect partner for us to showcase the region’s rich fashion heritage.”

Dennita Sewell, Curator of Fashion Design, Phoenix Art Museum

An Unmatched Local Understanding Fierce consumer preference for the outdoor center led Macerich to renovate, preserving the historic flavor of Biltmore Fashion Park, rather than rebuild. A careful analysis of the property uncovered a need to update Frank Lloyd Wright-inspired architectural lines to better showcase the center’s reason for being: retail. Lush new landscaping, interesting textured facades and the removal of weighty overhangs to expose storefronts accomplished dramatic results.

At the same time, Macerich drew on long-standing community and government support for its Arizona-based Westcor brand to ensure that Biltmore Fashion Park earned critical entitlements for densification in a climate where other developers were provoking passionate opposition.

In keeping with its strong understanding of the luxury shopper in Phoenix, Macerich reopened Biltmore Fashion Park by striking an

unusual partnership with the highly regarded Phoenix Art Museum to celebrate decades of couture fashion. Natalie Cole elegantly entertained several thousand of the glitterati in Phoenix who gathered in November to inaugurate the fresh new look at Biltmore Fashion Park.

Looking Up Truly at the midpoint in the exciting story of Biltmore Fashion Park’s redevelopment, the center has succeeded in reframing its exclusive retail environment while maintaining its heritage, and is heading in 2007 toward the development of new mid-rise uses that will complete the property’s sensational transformation.

Biltmore Fashion Park exemplifies the company’s strengths in realizing the inherent value in well-situated properties that boast strong shopper loyalty and hold the potential for added densification. Macerich maintains that the property’s new uses will meet evolving consumer desires to live, work and play in compelling urban settings.

a The Biltmore name is synonymous with luxury shopping for generations of Phoenix residents.

b Thoughtful renovations lightened the architecture to focus on retailers and storefronts, all along signature gardens that act as the project's centerpiece.

c Biltmore's Cartier is the only one in Phoenix.

d Well-heeled shoppers flock to the renovated center for a unique and elevated shopping experience.

e This landmark outdoor center is a perfect fit for Ralph Lauren and other high-end specialty stores.

f Biltmore delivers excellent service and amenities to discerning shoppers.

g Young, upscale families are a growing part of the Biltmore experience.



a b

c d e

f g



GROSS LEASABLE AREA

96,434 sf

ANCHORS

Wilkes Bashford
Anthropologie

RETAILERS

Tiffany & Co.
Louis Vuitton
J.Crew by-the-sea

PROPERTY TYPE

Open-air plaza

REDEVELOPED

2006

CARMEL PLAZA

A Retail Renaissance

Carmel Plaza celebrated its stunning reinvention in Fall 2006, marking an exciting transformation of both its physical setting and retail mix.

Perfectly situated at the top of Carmel's prestigious Ocean Avenue shopping district overlooking the Pacific Ocean in this famed resort town, this three-level, 96,434-square-foot, open-air plaza is now home to more than 35 specialty and luxury retailers including Louis Vuitton, Tiffany & Co., Anthropologie, notable San Francisco retailer Wilkes Bashford, Cos Bar, Yves Delorme and Sur La Table.

Carmel Plaza's transformation didn't happen overnight. Instead, it was the careful result of patience and persistence in strategic leasing and targeted renovations that brought beauty and high style back to Carmel Plaza.

Perfect Setting, Perfect Time Macerich believes that few settings can match Carmel Plaza's peerless location along the town's premier shopping street. Similarly, Carmel's well-heeled residents and more than seven million visitors a year provide a decidedly appealing customer base. This combination made Carmel a perfect fit for luxury retailers, and a perfect candidate for reinvention.

The well-timed departure of the small-format Saks Fifth Avenue opened up 35,000 square feet of prime GLA, creating an excellent opportunity for Macerich to bring in a fresh slate of luxury retailers, while providing the impetus to refresh the center itself.

“Macerich’s whole approach to redeveloping Carmel Plaza was innovative—from creating a fresh and exciting retail mix to the exquisite physical renovation.”

Wilkes Bashford, Founder and President of The Wilkes Bashford Company

Underscoring Relationships Key to drawing top retail names to Carmel Plaza was the property team’s successful efforts to enhance relationships and streamline approval processes with town officials and planning staff. Early on, one retailer endured a burdensome full year in the planning process to earn approval for its build-out. Through ongoing collaboration with town staff, Carmel Plaza’s property team reduced this hurdle to a workable three-month time frame—a remarkable feat in this very charming but highly controlled, 1-square-mile resort community that has no street addresses or streetlights.

Building community relationships made it easier to attract desirable retailers—an even more important focus for the burgeoning center. Tiffany & Co. and Anthropologie were two important catalysts for the project and helped to attract other retailers to the revitalized center.

Macerich successfully targeted up-market retailers to take another look at the new design coming together at Carmel Plaza. They liked what they saw.

Heightening Retailer Success Now with inviting open spaces, decks overflowing with flowers, and a refreshed take on its original Spanish Colonial architecture, Carmel Plaza draws 40 percent more local shoppers than in previous years to complement its long-standing appeal for resort visitors. The growing popularity of Carmel Plaza translates into success for retailers, including exceptionally strong performances for Louis Vuitton, Wilkes Bashford and two customized retail offerings, J.Crew by-the-sea and Tiffany & Co.’s resort-sized concept, which has become a model for this growth-oriented retail partner.

New retailers slated for Carmel Plaza in 2007 include Tommy Bahama; Tumi; an upscale eyewear purveyor, Sole Mio; Posh, an eclectic women’s boutique featuring St. John couture and golf lines, Stuart Weitzman and Escada.

a Retailers at Carmel Plaza connect with the community's interests, including an ongoing love affair with their pets.

b New formats thrive at Carmel Plaza, including J.Crew by-the-sea.

c Cosmetics count: The revitalized center gives fashionable local women an exciting array of new beauty choices.

d The beautiful Monterey Peninsula attracts millions of visitors each year.

e Wilkes Bashford, the elegant San Francisco clothier, added a new location at Carmel Plaza.

f Anthropologie brings a hip, new sensibility to Carmel shoppers.

g Luxury favorite Louis Vuitton chooses from its world-class wares for a community with both upscale residents and affluent visitors.



a b

c d e

f g

GROSS LEASABLE AREA
817,085 sf

ANCHORS
**Macy's
Wild Oats
Home Depot**

RESTAURANTS & ENTERTAINMENT
**Chef-driven fine dining
Century Theatres**

PROPERTY TYPE
**Outdoor mixed-use
lifestyle center**

BUILT
2006



TWENTY NINTH STREET

Bringing Great Retail Back to Boulder

Set against the dramatic backdrop of the Flatirons, the much-anticipated Twenty Ninth Street opened in Fall 2006 on the site of the former Crossroads Mall as a shopping environment created exclusively for the one-of-a-kind community of Boulder, Colorado.

Welcomed by Boulder's affluent yet under-retailed consumers, Twenty Ninth Street's grand opening delivered powerful sales results for its retailers. Several stores broke key sales records during the center's first weekend, including Macy's, which reported the best opening in the company's history.

In an unusual hybrid combination of uses, Macy's, Home Depot, Wild Oats Natural Market and Wild Oats corporate headquarters, along with a 16-screen Century Theatre opening in mid-2007, serve as anchors for this 817,085-square-foot mixed-use project. A fully outdoor center with three distinct neighborhoods, Twenty Ninth Street maximized market opportunities with a breakout site plan that offered environmental wins for a green-conscious community, as well as a plan that reconnected the formerly isolated center with Boulder's dynamic streetscape.

Innovative Planning for a Forward-Thinking Community

Located on 62 prime acres in the heart of this upscale college town, the aging, fully enclosed Crossroads Mall was ripe for redevelopment. After years of back-and-forth negotiations with this well-known "anti-growth" community, Macerich continued to pursue approval of its innovative site plan, which ultimately met Boulder's parameters for the project, as well as satisfied significant retailer demand for access to the city's quality-focused residents. With a particularly attractive shopper base, Boulder, in fact, has the ninth highest disposable income in the country.

Like many other upscale communities with an active, engaged citizenry, Boulder continued to raise the bar in terms of its expectations for this key project—the largest commercial development to emerge in Boulder

“What I liked about working with Macerich was the teamwork element. They had high integrity, high energy and when they said something, they delivered.”

Frank Bruno, Boulder City Manager

in more than 40 years. In response, Macerich fine-tuned its model for collaborative relationship-building among city officials, project developers and local residents, in order to bring forward a successful plan that all stakeholders could embrace.

Collaboration and Cooperation A productive spirit of collaboration continued to define this unusual project. In one key example, the local property team created a unique alliance reflecting Boulder’s long-standing connection to world-class science. As a result, Twenty Ninth Street boasts a feature no other retail center in the country can claim: The Wonder of Science at Twenty Ninth Street. This permanent, on-site installation is a compelling series of large-scale interactive exhibits developed by seven renowned national science entities based near Boulder—from the National Center for Atmospheric Research to the National Institute of Standards and Technology.

At Home in Boulder Recognizing that Boulder could only accept a new retail environment that felt truly authentic to a town that prizes its identity as an environmentally sensitive, intellectually driven idyll near the mountains, Macerich went beyond the expected. This customized approach resulted in a distinctive mixed-use destination that feels as “at home” in Boulder as the University of Colorado and the Pearl Street Mall.

Locals seem to agree: Twenty Ninth Street’s sense of place is yielding healthy successes for retailers that reported strong traffic and sales through the end of 2006. Just-right-for-Boulder retailers located at Twenty Ninth Street include Apple, MAC Cosmetics, PUMA, Sephora, The Territory Ahead, White House/Black Market and Z Gallerie, plus new-to-market restaurant concepts including California Pizza Kitchen and Islands Fine Burgers and Drinks.

a Twenty Ninth Street brings great national retailers back to Boulder.

b The magnificent Flatirons are an unparalleled backdrop for this dramatic new center.

c Edgy retailers like PUMA appeal to Boulder's athletic, young and affluent consumers.

d Just-right-for-Boulder retail spaces help make this center unique.

e Apple was the #1-requested retail brand by tech-savvy Boulder consumers.

f A terrific family amenity, The Wonder of Science at Twenty Ninth Street is a one-of-a-kind partnership with Boulder's wealth of national science labs.

g Thousands of University of Colorado students find an exciting variety of new stores to meet their needs.



a b



c d e



f g

Macerich is one of the nation's largest owners, operators and developers of major retail properties, with notable strengths in California, Arizona and the Eastern Seaboard. With some of the country's highest-performing regional malls, including Tysons Corner Center near Washington, D.C., Queens Center in New York City, and Scottsdale Fashion Square in Arizona, Macerich specializes in fast-growing, attractive major markets. The company's high-quality portfolio includes one of the industry's most active and robust pipelines of new and redevelopment projects.

The Macerich Portfolio

Arizona

Arrowhead Towne Center, Glendale
 Biltmore Fashion Park, Phoenix
 Boulevard Shops, Chandler
 Camelback Colonnade, Phoenix
 Chandler Fashion Center, Chandler
 Chandler Festival, Chandler
 Chandler Gateway, Chandler
 Chandler Village, Chandler
 Desert Sky Mall, Phoenix
 Fiesta Mall, Mesa
 Flagstaff Mall, Flagstaff
 Hilton Village, Scottsdale
 Kierland Commons, Scottsdale
 La Encantada, Tucson
 Metrocenter Mall, Phoenix
 Paradise Valley Mall, Phoenix
 Prescott Gateway Mall, Prescott
 SanTan Village, Gilbert
 Scottsdale Fashion Square, Scottsdale
 Superstition Springs Center, Mesa
 The Borgata, Scottsdale

California

Arden Fair, Sacramento*
 Broadway Plaza, Walnut Creek
 Capitola Mall, Capitola
 Carmel Plaza, Carmel
 Fresno Fashion Fair, Fresno
 Inland Center, San Bernardino
 La Cumbre Plaza, Santa Barbara
 Lakewood Center, Lakewood
 Los Cerritos Center, Cerritos
 Montebello Town Center, Montebello*
 Northridge Mall, Salinas
 Pacific View, Ventura
 Panorama Mall, Panorama City
 Santa Monica Place, Santa Monica
 Somersville Towne Center, Antioch
 Stonewood Center, Downey
 The Mall at Northgate, San Rafael
 The Mall at Victor Valley, Victorville
 The Oaks, Thousand Oaks
 The Village at Corte Madera, Corte Madera
 Vintage Faire Mall, Modesto
 Westside Pavilion, Los Angeles



Colorado

FlatIron Crossing, Broomfield
Mesa Mall, Grand Junction
Twenty Ninth Street, Boulder

Connecticut

Danbury Fair Mall, Danbury

Florida

Lake Square Mall, Leesburg

Illinois

South Park Mall, Moline

Indiana

Eastland Mall, Evansville
Green Tree Mall, Clarksville

Iowa

Lindale Mall, Cedar Rapids
NorthPark Mall, Davenport
Southern Hills Mall, Sioux City
SouthRidge Mall, Des Moines

Kentucky

Towne Mall, Elizabethtown

Maryland

The Centre at Salisbury, Salisbury

Montana

Rimrock Mall, Billings

New Jersey

Deptford Mall, Deptford
Freehold Raceway Mall, Freehold

New York

Cross County Shopping Center,
Yonkers*
Eastview Mall, Victor
Great Northern Mall, Clay
Greece Ridge Center, Greece
Marketplace Mall, Henrietta
Pittsford Plaza, Pittsford
Queens Center, Queens
Rotterdam Square, Schenectady
Shoppingtown Mall, Dewitt
Wilton Mall, Saratoga Springs

North Dakota

West Acres, Fargo

Oregon

Valley River Center, Eugene
Washington Square, Portland

Pennsylvania

Granite Run Mall, Media

South Dakota

Empire Mall, Sioux Falls
Rushmore Mall, Rapid City

Texas

NorthPark Center, Dallas
Ridgmar Mall, Fort Worth
South Plains Mall, Lubbock
Valley View Center, Dallas

Utah

South Towne Center, Sandy

Virginia

Chesterfield Towne Center, Richmond
Tysons Corner Center, McLean
Valley Mall, Harrisonburg

Washington

Cascade Mall, Burlington
Kitsap Mall, Silverdale
Redmond Town Center, Redmond

*managed only



A Productive Pipeline

Pipeline projects are driving new value for properties across the Macerich portfolio in a full schedule of highly tailored renovations, redevelopments, expansions and ground-up developments in 2007.

From a new, one-of-a-kind shopping center created to match its striking desert-wash environment, Estrella Falls in Goodyear, Arizona, to a high-profile, open-air lifestyle expansion for a dynamic suburban community at Freehold Raceway Mall in Freehold, New Jersey, Macerich this year is creating exciting, new shopping experiences in some of the country's most sought-after markets.

PIPELINE

Expansions

Responding to market demand, Macerich is expanding a number of key properties to accommodate lifestyle additions, new anchor stores, residential units and more.

The Oaks Located in affluent suburban Thousand Oaks, California, The Oaks will add compelling new outdoor uses to its traditional enclosed mall format, as well as a new 138,000-square-foot, two-level Nordstrom in the former Robinsons-May space. In all, 235,000 square feet of new retail space will complement The Oaks' existing portfolio of stores. Lush landscaping and a contemporary interpretation of the local Spanish revival architecture will make the outdoor expansion a perfect fit for this up-market community. Phase I of the expansion is expected to open in Fall 2008.

Plans include a comprehensive interior renovation, the addition of an open-air specialty venue with new upscale shops, a state-of-the-art multi-screen cinema, free-standing restaurants, a multi-level parking structure, a food court with indoor and outdoor seating, and a new children's play area designed for the region's growing family demographic. Centered on an elegantly curved staircase leading to a courtyard and fountain below, the expansion will connect with the existing center via expansive glass entrances.



KEY EXPANSIONS SET TO BEGIN IN 2007

- :: **Flagstaff Mall**
Flagstaff, Arizona
- :: **Freehold Raceway Mall**
Freehold, New Jersey
- :: **The Oaks**
Thousand Oaks, California



PIPELINE

Mixed-Use Opportunities

Macerich believes adding uses to already vibrant, well-placed shopping centers will fuel significant growth for the Company in the years to come.

KEY MIXED-USE PROJECTS

- :: **Biltmore Fashion Park**
Phoenix, Arizona
- :: **FlatIron Crossing**
Broomfield, Colorado
- :: **Tysons Corner Center**
McLean, Virginia

Tysons Corner Center In affluent suburban Washington, D.C., Tysons Corner Center—already one of the 10 largest regional malls in the country—will undergo an ambitious plan to add high-density residential and office elements, as well as new retail. We plan Tysons' future to be a dynamic, pedestrian-scale community featuring several office buildings for a total of 1.347 million square feet; residential units in four buildings, creating up to 1,385 new homes; and a 300-room, 260,000-square-foot hotel. The first phase is scheduled to break ground in late 2009.

These plans for one of the country's most successful shopping centers are being described by area planners as a model for future development and a catalyst for the area's reinvention as a transit-oriented urban center. When completed, the development will meld the best attributes of a true live-work-shop-play environment in easy proximity to the perpetual energy of Washington, D.C.

PIPELINE

Redevelopment

By reinventing dominant assets in key markets, Macerich is responding to consumer and retailer demand, while enhancing the value of its properties.

Santa Monica Place This exceptionally well-sited retail property will be redeveloped as a vibrant, open-air retail destination at the heart of Santa Monica's thriving downtown area. The plan calls for removing the roof along the central spine of the building to create a multi-level streetscape with a stunning outdoor dining deck on the top level. The new design will better connect to the popular Third Street Promenade.

At the center of the project on the main level will be an open, minimalist plaza as a truly post-modern gathering space in sync with this cutting-edge, creative community. Inspired by open plazas in Italy and elsewhere, this unique space is designed to be the confluence of four distinct entrances to the property. Each of the four blocks of the project, though unified, will subtly reflect neighboring parts of the city to fit the new project within the eclectic urban fabric of Santa Monica, the iconic upscale California beach city. The grand opening is slated for late 2009.



REDEVELOPMENTS SET TO BEGIN IN 2007

- :: **Chesterfield Towne Center**
Richmond, Virginia
- :: **Cross County Shopping Center**
Yonkers, New York
- :: **Great Northern Mall**
Clay, New York
- :: **Santa Monica Place**
Santa Monica, California
- :: **Scottsdale Fashion Square**
Scottsdale, Arizona
- :: **Shoppingtown Mall**
Dewitt, New York
- :: **Twenty Ninth Street**
Boulder, Colorado
- :: **Wilton Mall**
Saratoga Springs, New York



PROPERTIES SLATED FOR RENOVATION IN 2007

- :: **Danbury Fair Mall**
Danbury, Connecticut
- :: **Desert Sky Mall**
Phoenix, Arizona
- :: **Fiesta Mall**
Mesa, Arizona
- :: **Freehold Raceway Mall**
Freehold, New Jersey
- :: **Paradise Valley Mall**
Phoenix, Arizona
- :: **SouthRidge Mall**
Des Moines, Iowa
- :: **The Mall of Victor Valley**
Victorville, California

PIPELINE

Renovation

Improving its centers through well-conceived renovations continues to be a key means for Macerich to accelerate sales growth and further retail demand.

Danbury Fair Mall Located in a sought-after suburban community for New York City commuters, Danbury Fair Mall, in Danbury, Connecticut, will be fully renovated to create an elegant new interior environment and introduce a number of redesigned amenities. The 1.3-million-square-foot center, situated at the heart of affluent Fairfield County, is consistently one of the most successful shopping centers in the country.

A new collection of fashion-forward retailers attests to the fashion savvy and spending power of a wide range of Danbury shoppers. The mall recently welcomed Abercrombie Kids, Hollister Co., Martin + Osa, New York & Company, Sole Mio and Teavana. Complementing the exciting slate of new retailers, fresh amenities will include a renovated food court; expanded and redesigned restrooms; a new children's play area; and comfortable, contemporary seating areas for shoppers.

PIPELINE

New Development

An extensive pipeline of ground-up development fuels growth for Macerich. In the forward-thinking Phoenix 20/20 initiative, several major projects will serve the needs of one of the nation's fastest-growing metropolitan areas.

SanTan Village The largest regional shopping center currently under development in Arizona, SanTan Village breaks the mold with its innovative blend of retail, entertainment and other commercial uses that work together to create a vibrant, sustainable, live-work-shop environment. At ultimate build-out, the master-planned, 500-acre urban village will encompass nearly 3 million square feet of retail, entertainment, restaurant, office space and residential uses. The northern portion of the development—the 120-acre regional shopping center—is scheduled to open in Fall 2007. Major anchors will include Dillard's and Harkins Theatres.

SanTan Village emphasizes the elements that matter most to families—open spaces, amenities and conveniences—in an architectural setting that will stand the test of time. The center's open-air atmosphere will create a unique sense of space by maximizing shade through building position and materials; landscape design; and clever water features including misters, evaporative towers and fans to deliver a cool and refreshing environment that is comfortable year-round.



NEW DEVELOPMENTS IN ARIZONA

- :: **Estrella Falls**
Goodyear
- :: **Palisene**
Phoenix
- :: **Prasada**
Surprise
- :: **SanTan Village**
Gilbert
- :: **The Promenade
at Casa Grande**
Casa Grande
- :: **The Shops at Tangerine**
Marana

Corporate Information

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
SENIOR EXECUTIVE VICE PRESIDENT,
CHIEF INVESTMENT OFFICER AND DIRECTOR

James S. Cownie
DIRECTOR
PRIVATE INVESTOR

Diana M. Laing
DIRECTOR
CHIEF FINANCIAL OFFICER
THOMAS PROPERTIES GROUP, INC.

Fred S. Hubbell
DIRECTOR

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,
CHIEF LEGAL OFFICER AND SECRETARY

Tony Grossi
EXECUTIVE VICE PRESIDENT,
CHIEF OPERATING OFFICER AND
CHIEF ECONOMIST

Thomas E. O'Hern
EXECUTIVE VICE PRESIDENT,
CHIEF FINANCIAL OFFICER AND TREASURER

Larry E. Sidwell
EXECUTIVE VICE PRESIDENT, REAL ESTATE

Principal Outside Counsel

O'Melveny & Myers LLP
Los Angeles, California

Independent Auditor

Deloitte & Touche LLP
Los Angeles, California

Transfer Agent

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Annual Meeting

May 30, 2007
The Fairmont Miramar Hotel
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Macerich Web Site

For an electronic version of this annual report, our SEC filings and documents relating to corporate governance, please visit www.macerich.com.

Corporate Headquarters

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Stock Exchange Listing

New York Stock Exchange
Symbol: MAC

The common stock of the Company is listed and traded on the New York Stock Exchange under the symbol "MAC". The common stock began trading on March 10, 1994, at a price of \$19 per share. In 2006, the Company's shares traded at a high of \$87.10 and a low of \$66.70.

As of February 24, 2007, there were 961 stockholders of record. The following table shows high and low closing prices per share of common stock during each quarter in 2005 and 2006 and dividends/distributions per share of common stock declared and paid by quarter:

	Market Quotation per Share		Dividends / Distributions
	HIGH	LOW	DECLARED AND PAID
March 31, 2005	\$62.15	\$53.28	\$0.65
June 30, 2005	\$67.32	\$54.00	\$0.65
September 30, 2005	\$71.19	\$62.15	\$0.65
December 31, 2005	\$68.58	\$60.91	\$0.68
March 31, 2006	\$75.13	\$68.89	\$0.68
June 30, 2006	\$74.05	\$67.90	\$0.68
September 30, 2006	\$77.11	\$70.02	\$0.68
December 31, 2006	\$87.00	\$76.16	\$0.71

Certifications

The Company submitted a Section 303a.12(a) CEO Certification to the NYSE last year. In addition, the Company filed with the Securities and Exchange Commission the CEO/CFO certification required under Section 302 of the Sarbanes-Oxley Act and it is included as an exhibit in our Form 10-K included herein.

Dividend Reinvestment Plan

Stockholders may automatically reinvest their dividends in additional common stock of the Company through the Direct Investment Program, which also provides for purchase by voluntary cash contributions. For additional information, please contact Computershare Trust Company, N.A. at 800.567.0169.



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