

MACERICH CO
Form 8-K/A
October 02, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 8-K/A

AMENDMENT NO. 1

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported)

October 2, 2002, (July 26, 2002)

THE MACERICH COMPANY

(Exact name of Registrant as Specified in Charter)

MARYLAND

(State or other jurisdiction of Incorporation)

1-12504

(Commission file number)

95-4448705

(I.R.S. Employer Identification Number)

401 Wilshire Boulevard, Suite 700, Santa Monica, CA 90401

(Address of principal executive office)

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

N/A

(Former name, former address and former fiscal year, if changed since last report)

This Form 8-K/A, Amendment No. 1, is being filed for the purpose of filing the financial statements and pro forma financial information required by Item 7 with respect to the Current Report on Form 8-K filed by the registrant on August 9, 2002 regarding the acquisition of Westcor Realty Limited Partnership and its affiliated companies ("Westcor") from the Westcor partners and other entities.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial Statements of Business Acquired Westcor Realty Limited Partnership

Report of Independent Auditors

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Audited Consolidated Financial Statements As of December 31, 2001 and 2000 and for the years ended December 31, 2001, 2000 and 1999

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Report of Independent Auditors

The Partners of
Westcor Realty Limited Partnership

We have audited the accompanying consolidated balance sheets of Westcor Realty Limited Partnership as of December 31, 2001 and 2000, and the related consolidated statements of income, partners' capital and cash flows for each of the three years in the period ended December 31, 2001. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Westcor Realty Limited Partnership at December 31, 2001 and 2000, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

/s/ Ernst & Young LLP

Phoenix, Arizona
February 22, 2002

Westcor Realty Limited Partnership

Consolidated Balance Sheets

(in thousands)

| | December 31 | |
|--|-------------------|-------------------|
| | 2001 | 2000 |
| Assets | | |
| Properties | \$ 494,027 | \$ 229,006 |
| Investments in unconsolidated joint ventures | 243,966 | 236,109 |
| Cash | 18,312 | 9,431 |
| Accounts and notes receivable, net of allowance for doubtful accounts of \$1,110 and \$415 at December 31, 2001 and 2000, respectively | 3,343 | 2,079 |
| Amounts due from affiliates | 11,839 | 10,591 |
| Other assets, net | 5,234 | 7,249 |
| | <u>\$ 776,721</u> | <u>\$ 494,465</u> |
| Liabilities and Partners' Capital | | |
| Accrued development costs | \$ | \$ 11,644 |
| Accounts payable | 1,047 | 348 |
| Accrued compensation | 19,365 | 8,093 |
| Accrued interest payable | 747 | 192 |
| Other accrued expenses | 4,422 | 2,551 |
| Security deposits and other liabilities | 6,129 | 4,770 |
| | <u>31,710</u> | <u>27,598</u> |
| Notes payable | 426,935 | 135,476 |
| Minority interest | 9,520 | 10,887 |
| Partners' capital | 308,556 | 320,504 |
| | <u>\$ 776,721</u> | <u>\$ 494,465</u> |

See accompanying notes.

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Westcor Realty Limited Partnership

Consolidated Statements of Income

(in thousands)

| | Year ended December 31 | | |
|-----------------|------------------------|-----------|-----------|
| | 2001 | 2000 | 1999 |
| Revenues | | | |
| Rental | \$ 24,151 | \$ 19,513 | \$ 18,446 |

| | Year ended December 31 | | |
|---|------------------------|------------------|------------------|
| Operating expense reimbursements | 9,719 | 7,711 | 7,440 |
| Asset management, leasing and development fees | 21,285 | 19,669 | 8,376 |
| Interest: | | | |
| Affiliates | 995 | 768 | 950 |
| Other | 783 | 1,166 | 1,283 |
| Sales of properties, net | 29,619 | 3,989 | 5,741 |
| Other | 383 | 794 | 859 |
| | 86,935 | 53,610 | 43,095 |
| Expenses | | | |
| Recoverable costs from tenants | 9,294 | 7,308 | 7,110 |
| Interest | 8,125 | 4,624 | 8,664 |
| Management, leasing and development | 24,840 | 22,586 | 10,608 |
| General and administrative | 14,226 | 5,290 | 6,916 |
| Cost of properties sold | 21,777 | 1,584 | 1,978 |
| Depreciation and amortization | 7,964 | 6,032 | 7,347 |
| | 86,226 | 47,424 | 42,623 |
| Income before minority interest and equity in income of unconsolidated joint ventures | 709 | 6,186 | 472 |
| Minority interest | (2,745) | (1,825) | (1,615) |
| Equity in income of unconsolidated joint ventures | 19,088 | 13,798 | 15,481 |
| Net income | \$ 17,052 | \$ 18,159 | \$ 14,338 |

See accompanying notes.

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Westcor Realty Limited Partnership

Consolidated Statements of Partners' Capital

(in thousands)

| | General Partner | Limited Partners | | |
|----------------------------|--------------------|-------------------|------------------|-------------------|
| | | Class A | Class B | Total |
| Balance, January 1, 1999 | \$ 3,080 | \$ 222,642 | \$ 82,285 | \$ 308,007 |
| Distributions to partners | (160) | (11,566) | (4,274) | (16,000) |
| Net income | 143 | 10,365 | 3,830 | 14,338 |
| Balance, December 31, 1999 | 3,063 | 221,441 | 81,841 | 306,345 |
| Distributions to partners | (40) | (2,891) | (1,069) | (4,000) |
| Net income | 182 | 13,126 | 4,851 | 18,159 |
| Balance, December 31, 2000 | 3,205 | 231,676 | 85,623 | 320,504 |
| Distributions to partners | (290) | (20,961) | (7,749) | (29,000) |
| Net income | 171 | 12,325 | 4,556 | 17,052 |
| Balance, December 31, 2001 | \$ 3,086 | \$ 223,040 | \$ 82,430 | \$ 308,556 |

See accompanying notes.

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Westcor Realty Limited Partnership

Consolidated Statements of Cash Flows

(in thousands)

| | Year ended December 31 | | |
|---|------------------------|-----------------|-----------------|
| | 2001 | 2000 | 1999 |
| Operating activities | | | |
| Net income | \$ 17,052 | \$ 18,159 | \$ 14,338 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization | 7,964 | 6,032 | 7,347 |
| Amortization of common area costs | 92 | 94 | 76 |
| Gain on sale of properties | (7,842) | (2,405) | (3,763) |
| Equity in income of unconsolidated joint ventures | (19,088) | (13,798) | (15,481) |
| Minority interest | 2,745 | 1,825 | 1,615 |
| | <u>923</u> | <u>9,907</u> | <u>4,132</u> |
| Changes in operating assets and liabilities: | | | |
| Accounts and notes receivable | (1,264) | 488 | (117) |
| Amounts due from affiliates | (1,248) | (2,067) | 11,924 |
| Other assets | 1,598 | (2,325) | (496) |
| Accounts payable | 699 | 22 | 17 |
| Accrued compensation | 11,272 | 2,078 | 3,737 |
| Accrued interest payable | 555 | (237) | 6 |
| Other accrued expenses | 1,871 | 270 | 335 |
| Security deposits and other liabilities | 1,359 | 364 | 229 |
| | <u>14,842</u> | <u>(1,407)</u> | <u>15,635</u> |
| Net cash provided by operating activities | <u>15,765</u> | <u>8,500</u> | <u>19,767</u> |
| Investing activities | | | |
| Addition to properties | (294,437) | (71,504) | (8,185) |
| Accrued development costs | (11,644) | 11,644 | |
| Proceeds from sale of properties, net | 29,619 | 3,989 | 5,741 |
| Additional investments in unconsolidated joint ventures | (144,626) | (6,486) | (25,624) |
| Distributions from unconsolidated joint ventures | 155,857 | 29,189 | 24,505 |
| Contributions by minority interest holders | | 20 | 9 |
| Distributions to minority interest holders | (4,112) | (2,059) | (2,458) |
| | <u>(269,343)</u> | <u>(35,207)</u> | <u>(6,012)</u> |
| Net cash used in investing activities | <u>(269,343)</u> | <u>(35,207)</u> | <u>(6,012)</u> |
| Financing activities | | | |
| Principal payments on notes payable | (39,717) | (1,598) | (1,440) |
| Principal borrowings on notes payable | 331,176 | 30,452 | 1,114 |
| Distributions to partners | (29,000) | (4,000) | (16,000) |
| | <u>262,459</u> | <u>24,854</u> | <u>(16,326)</u> |
| Net cash provided by (used in) financing activities | <u>262,459</u> | <u>24,854</u> | <u>(16,326)</u> |

| | Year ended December 31 | | |
|--|------------------------|----------|-----------|
| Increase (decrease) in cash | 8,881 | (1,853) | (2,571) |
| Cash at beginning of year | 9,431 | 11,284 | 13,855 |
| Cash at end of year | \$ 18,312 | \$ 9,431 | \$ 11,284 |
| Supplemental cash flow disclosure | | | |
| Interest paid | \$ 11,213 | \$ 7,992 | \$ 10,917 |

See accompanying notes.

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Westcor Realty Limited Partnership

Notes to Consolidated Financial Statements

December 31, 2001

1. The Partnership

Westcor Realty Limited Partnership (the Partnership or WRLP) was formed on July 28, 1994 for the purpose of acquiring and operating, either directly or through one or more wholly or partially owned entities, the assets of The Westcor Company Limited Partnership (TWC), The Westcor Company II Limited Partnership (TWC II) and Westcor Partners. TWC, TWC II and Westcor Partners acquire, develop, operate and invest in real property. Eastrich No. 128 Corporation (Eastrich), a Massachusetts corporation, is general partner; Telephone Real Estate Equity Trust (TREET) and Owens-Illinois Master Retirement Trust (Owens-Illinois) are Class A limited partners, and certain individual partners (Westcor Individuals) are Class B limited partners. Each partners' interest in the Partnership is as follows:

| | |
|---------------------------------------|-----------------|
| Eastrich, as general partner | 1 percent |
| Class A Limited Partners: | |
| TREET | 59.4685 percent |
| Owens-Illinois | 12.8163 percent |
| Class B Limited Partners: | |
| Westcor Individuals, in the aggregate | 26.7152 percent |

2. Summary of Significant Accounting Policies

Principles of Consolidation and Basis of Presentation

The consolidated financial statements include the accounts of the Partnership, and its wholly owned partnership entities, TWC, TWC II, and Westday Associates Limited Partnership (Westday). Investments in entities in which the Partnership, through its ownership of TWC and TWC II, owns in excess of 50 percent of the respective entity are consolidated; investments in entities in which the Partnership owns 50 percent or less (Joint Ventures) are accounted for using the equity method. Intercompany balances and profits are eliminated in consolidation.

Cash

Cash consists of noninterest bearing checking accounts and U.S. Treasury money market accounts.

Properties

Land, buildings, improvements and equipment are stated at the agreed upon value determined by the partners at the date of formation, which approximated fair market value or cost if purchased after the formation date. Buildings, improvements and equipment are depreciated using five to 40 years as an estimate of useful lives. The Partnership capitalized construction period interest of approximately \$3,643,000, \$3,776,000 and \$2,259,000 during the years ended December 31, 2001, 2000 and 1999, respectively.

Property to be held and used is reviewed for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable. When the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount, impairment losses are recognized based on the excess of the property's carrying value over the fair value of the property. The determination of impairment is based not only upon future cash flows, which

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rely upon estimates and assumptions including expense growth, occupancy and rental rates, but also upon discount rates and other market indicators. Management believes that the estimates and assumptions used are appropriate in evaluating the carrying amount of the Partnership's properties. However, changes in market conditions and circumstances may occur which could cause the amounts ultimately realized upon the sale or other disposition of the properties to differ materially from their estimated fair value. Amounts estimated to be recoverable from future operations and ultimate sales are greater than the carrying value of each property owned at December 31, 2001 and 2000. The Partnership does not consider impairment conditions to be present at December 31, 2001. Property to be disposed of is reported at the lower of carrying amount or fair value less cost to sell.

Direct Leasing and Deferred Financing Costs

Deferred financing costs incurred in connection with long-term financing and direct leasing costs incurred to obtain tenants for properties held for lease are stated at cost and are amortized over the terms of the related financing obligations and the lives of the leases, respectively.

Other Assets

Other assets are primarily comprised of supplemental retirement plan assets stated at market value, other deposits, predevelopment costs, deferred financing costs relating to the revolving line of credit, stated on the basis of cost, net of accumulated amortization, and interest rate cap agreement fees, net of accumulated amortization.

Revenue Recognition

Rental income includes amounts received and accrued from operating leases. The straight-line basis is used to recognize base rents under leases which provide for varying rents over the lease terms. Rentals based on a percentage of tenant sales over a specified threshold are accrued after the threshold is exceeded. Payments received from tenants to induce the Partnership to release the tenant from its lease obligation prior to expiration are recognized upon termination of the lease. Amounts due from tenants as reimbursements of common area maintenance, real estate taxes and insurance are accrued as the related expenses are incurred.

Income Taxes

Under the Internal Revenue Code, a partnership is not a taxable entity; accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

Fair Value of Financial Instruments

Cash, accounts and notes receivable, amounts due from affiliates, other assets, accounts payable, accrued compensation, other accrued expenses, accrued interest payable, security deposits and other liabilities and notes payable are stated at their historical cost. These amounts approximate fair value.

401(k) Retirement Plan

The Partnership maintains a 401(k) retirement savings plan that is available to substantially all employees. Under the terms of the plan, the Partnership matches 50 percent of each participant's

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voluntary contributions up to six percent of the participant's compensation. Each participant vests ratably in the matching contributions over the first five years of employment (20 percent per year).

Incentive Compensation Plan

On January 1, 1998, the Partnership adopted an incentive compensation plan to encourage the successful long-term growth of the Partnership and to attract and retain key employees. The term of the Plan is January 1, 1998 through December 31, 2002. Cash payments relating to the plan are not made until the year following the plan's term. Accruals of \$10,692,000, \$2,142,000 and \$3,631,000 relating to the plan are included in general and administrative expenses for the years ended December 31, 2001, 2000 and 1999, respectively.

The total accrual associated with the incentive compensation plan is \$17,715,000 and \$7,023,000 at December 31, 2001 and 2000, and is included in accrued compensation. Also included in accrued compensation is \$1,650,000 and \$1,070,000 of bonuses payable under a related incentive compensation plan at December 31, 2001 and 2000, respectively.

Deferred Compensation Plan

During 1998, the Partnership established a Deferred Compensation Plan (the Plan) to which eligible employees may elect to contribute from their compensation. Employee contributions are not matched by the Partnership. Distributions from this Plan vary based upon elections made by the eligible Plan participants. All contributions under the Plan are deposited in what is commonly referred to as a "rabbi trust" arrangement pursuant to which the assets of the trust are subject to the claims of general creditors in the event of the Partnership's insolvency. In accordance with SFAS No. 115, "*Accounting for Certain Investments in Debt and Equity Securities*," management has classified these assets as trading securities. Accordingly, at December 31, 2001 and 2000, the Partnership has recorded the Plan assets (and corresponding liabilities) to participants at market value (\$3,855,000 and \$3,876,000, respectively); these amounts are included in other assets and other liabilities. During 2001, 2000 and 1999, dividends and realized capital gains (losses) of \$(62,000), \$291,000 and \$232,000, respectively, relating to the Plan were recorded in income, with an offsetting compensation expense included in general and administrative expense.

Derivative Instruments

During 2001, the Partnership adopted Financial Accounting Standards Board Statement No. 133, *Accounting for Derivative Instruments and Hedging Activities* (SFAS 133), as amended by SFAS 138, to account for its hedging activities. These pronouncements require the Partnership to recognize all of its derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. At December 31, 2001, the Partnership has designated its swap agreements as qualified cash flow hedges.

For derivative instruments that are designated and qualify as cash flow hedges (i.e., hedging the exposure to variability in expected future cash flows that is attributable to a particular risk), the effective portion of the gain or loss on the derivative instrument is reported as a component of other comprehensive income and reclassified into earnings in the same period or periods during which the

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hedged transaction affects earnings. The remaining gain or loss on the derivative instrument in excess of the cumulative change in the present value of future cash flows of the hedged item, if any, is recognized in current earnings during the period of change.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassifications

Certain reclassifications have been made to the 2000 and 1999 consolidated financial statements to conform with the 2001 presentation.

3. Properties

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Properties consist of the following at December 31 (in thousands):

| | <u>2001</u> | <u>2000</u> |
|---|-------------------|-------------------|
| Land | \$ 87,308 | \$ 64,739 |
| Buildings, improvements and equipment | 456,613 | 183,612 |
| Direct leasing and deferred financing costs | 27,552 | 14,374 |
| | <u>571,473</u> | <u>262,725</u> |
| Less: accumulated depreciation and amortization | (77,446) | (33,719) |
| | <u>\$ 494,027</u> | <u>\$ 229,006</u> |

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The Partnership's investments in consolidated entities and a description of the properties at December 31 are as follows (in thousands):

| Description of Property | Ownership Percentage | Carrying Value | |
|---|----------------------|-------------------|-------------------|
| | 2001 | 2001 | 2000 |
| Mall properties: | | | |
| Chandler Fashion Center | 100.0% | \$ 186,868 | \$ 57,381 |
| Paradise Valley Mall | 100.0 | 143,923 | |
| Flagstaff Mall | 100.0 | 25,176 | 26,711 |
| | | <u>355,967</u> | <u>84,092</u> |
| Urban Villages: | | | |
| Arrowhead Marketplace | | | 10,039 |
| North Valley Power Center | | | 12,827 |
| Paradise Village Gateway | 67.0 | 24,230 | 23,943 |
| Superstition Springs Power Center East and perimeter land | 100.0 | 4,014 | 4,385 |
| Village Plaza | 100.0 | 7,415 | 7,538 |
| Village Square I | 100.0 | 1,969 | 2,011 |
| Village Square II | 100.0 | 4,489 | 4,645 |
| Westbar | 75.0 | 41,774 | 43,388 |
| | | <u>83,891</u> | <u>108,776</u> |
| Specialty Retail: | | | |
| The Borgata | 100.0 | 16,623 | 17,290 |
| Land and other | 81.8-100.0 | 7,358 | 5,325 |
| Properties Under Development: | | | |
| FlatIron Crossing Peripheral Land | 100.0 | 917 | 586 |
| Prescott Gateway | 100.0 | 42,138 | 14,376 |
| Other | 100.0 | 92 | 651 |
| | | <u>43,147</u> | <u>15,613</u> |
| Intercompany leasing and development fees | (see (2)) | (12,959) | (2,090) |
| | | <u>\$ 494,027</u> | <u>\$ 229,006</u> |

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| | Ownership Percentage 2001 | Carrying Value |
|--|------------------------------|----------------|
|--|------------------------------|----------------|

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4. Investments in Unconsolidated Joint Ventures

The Partnership's ownership percentage in equity method investments in various real estate joint ventures, and the related carrying value and the Partnership's equity in income (loss) of each unconsolidated Joint Venture, are as follows (in thousands):

| Joint Venture | December 31, 2001 | | Year Ended December 31, 2001 |
|---|-------------------------|-------------------|------------------------------------|
| | Ownership Percentage | Carrying Value | Equity in Earnings (Losses) |
| Mall Properties: | | | |
| Arrowhead Towne Center | 33.3% | \$ (4,304) | \$ 854 |
| Desert Sky Mall | 50.0 | 15,886 | (283) |
| FlatIron Crossing | 50.0 | 43,595 | 3,033 |
| Paradise Valley Mall | 50.0 | | 4,246 |
| Scottsdale Fashion Square | (See (3)) | 146,119 | 4,224 |
| Superstition Springs Center | 33.3 | 5,173 | 332 |
| Superstition Springs Ground Lease | 50.0 | 261 | 216 |
| | | <u>206,730</u> | <u>12,622</u> |
| Urban Villages: | | | |
| Camelback Colonnade | (See (1)) | 7,439 | 766 |
| Chandler Festival | 50.0 | 753 | 106 |
| Chandler Gateway | 50.0 | 1,626 | 19 |
| Gainey Village | 50.0 | 2,985 | 391 |
| Metro Village | 37.5 | 25 | (708) |
| Paradise Village Investment Co. | 50.0 | 12,167 | 3,324 |
| | | <u>24,995</u> | <u>3,898</u> |
| Specialty Retail: | | | |
| Christown Plaza | 25.0 | 171 | 148 |
| Hilton Village | 50.0 | 1,188 | 321 |
| The Promenade | 50.0 | 278 | 70 |
| | | <u>1,637</u> | <u>539</u> |
| Land and other | 25.0-50.0 | 7,204 | 1,405 |
| Properties under development: | | | |
| Tucson Holding, LLC | 100.0 | 12,675 | |
| Intercompany leasing and development fees | (See (2)) | (9,275) | 624 |
| | | <u>\$ 243,966</u> | <u>\$ 19,088</u> |

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| Joint Venture | December 31, 2000 | | Year Ended December 31, 2000 |
|---|----------------------|-------------------|------------------------------|
| | Ownership Percentage | Carrying Value | Equity in Earnings (Losses) |
| Mall Properties: | | | |
| Arrowhead Towne Center | 33.3% | \$ 9,643 | \$ 865 |
| Desert Sky Mall | 50.0 | 16,170 | (57) |
| FlatIron Crossing | 50.0 | 42,062 | (260) |
| Paradise Valley Mall | 50.0 | 66,997 | 4,638 |
| Scottsdale Fashion Square | 50.0 | 58,660 | 3,724 |
| Superstition Springs Center | 33.3 | 8,670 | 286 |
| Superstition Springs Ground Lease | 50.0 | 3,217 | 230 |
| | | <u>205,419</u> | <u>9,426</u> |
| Urban Villages: | | | |
| Camelback Colonnade | (See (1)) | 8,078 | 542 |
| Metro Village | 37.5 | 2,717 | 432 |
| Paradise Village Investment Co. | 50.0 | 12,943 | 1,690 |
| | | <u>23,738</u> | <u>2,664</u> |
| Specialty Retail: | | | |
| Christown Plaza | 25.0 | 46 | |
| Hilton Village | 50.0 | 950 | 366 |
| The Promenade | 50.0 | 228 | 111 |
| | | <u>1,224</u> | <u>477</u> |
| Land and other | 5.0-50.0 | 7,318 | 391 |
| Properties under development: | | | |
| Gainey Village | 50.0 | 3,359 | (6) |
| Chandler Gateway | 50.0 | 1,608 | (10) |
| Chandler Festival | 50.0 | 1,697 | 357 |
| | | <u>6,664</u> | <u>341</u> |
| Intercompany leasing and development fees | (See (2)) | (8,254) | 499 |
| | | <u>\$ 236,109</u> | <u>\$ 13,798</u> |

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| Joint Venture | Year Ended December 31, 1999 | |
|-------------------------|------------------------------|-----------------------------|
| | Ownership Percentage | Equity in Earnings (Losses) |
| Mall Properties: | | |
| Arrowhead Towne Center | 33.3% | \$ 751 |

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| | <u>Year Ended December 31, 1999</u> | |
|---|-------------------------------------|------------------|
| Desert Sky Mall | 50.0 | 5 |
| Paradise Valley Mall | 50.0 | 4,582 |
| Scottsdale Fashion Square | 50.0 | 6,154 |
| Superstition Springs Center | 33.3 | 294 |
| Superstition Springs Ground Lease | 50.0 | 229 |
| | | <u>12,015</u> |
| Urban Villages: | | |
| Arrowhead Marketplace | 50.0 | 86 |
| Metro Village | 37.5 | 399 |
| Paradise Village Investment Co. | 50.0 | 1,311 |
| | | <u>1,796</u> |
| Specialty Retail: | | |
| Camelback Colonnade | (See (1)) | 314 |
| Christown Plaza | 25.0 | (31) |
| Hilton Village | 50.0 | 287 |
| The Promenade | 50.0 | 59 |
| | | <u>629</u> |
| Land and other | 5.0-50.0 | (206) |
| Properties under development | 50.0 | 887 |
| Intercompany leasing and development fees | (See (2)) | 360 |
| | | <u>\$ 15,481</u> |

- (1) The Partnership through its various investments effectively owns 75 percent of Camelback Colonnade Associates (CCA). The Partnership does not control CCA and accounts for its interest under the equity method. At December 31, 2001, CCA's balance sheet includes approximately \$42,319 in property and \$34,076 of a 7.5 percent long-term note payable which matures in 2006.
- (2) These amounts are the cumulative intercompany elimination of the Partnership's proportionate share of capitalized leasing and development fees paid to Westcor Partners.
- (3) Scottsdale Fashion Square (SFS) is owned 100 percent by WRLP through TWC and TWC II's 50 percent ownership interest each at December 31, 2001. SFS is not consolidated as control is temporary.

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Combined balance sheets and statements of income are presented below for all unconsolidated Joint Ventures (in thousands).

| <u>December 31</u> | |
|--------------------|-------------|
| <u>2001</u> | <u>2000</u> |
| | |

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| | December 31 | |
|---|---------------------|---------------------|
| Assets: | | |
| Properties | \$ 1,002,852 | \$ 1,136,059 |
| Other assets | 39,768 | 27,748 |
| | \$ 1,042,620 | \$ 1,163,807 |
| Liabilities and partners' capital: | | |
| Long-term debt | \$ 741,339 | \$ 647,652 |
| Other liabilities | 19,132 | 23,742 |
| | 760,471 | 671,394 |
| Partners' capital | 282,149 | 492,413 |
| | \$ 1,042,620 | \$ 1,163,807 |

| | Year Ended December 31, | | |
|-------------------------------|-------------------------|------------------|------------------|
| | 2001 | 2000 | 1999 |
| Revenues | \$ 186,118 | \$ 152,021 | \$ 139,875 |
| Net gain on property sales | 3,208 | 1,428 | 256 |
| Expenses: | | | |
| Recoverable from tenants | 51,923 | 43,764 | 39,947 |
| Interest | 47,211 | 39,664 | 30,816 |
| Depreciation and amortization | 40,521 | 32,082 | 28,821 |
| Other | 12,405 | 9,606 | 9,058 |
| | 152,060 | 125,116 | 108,642 |
| Net income | \$ 37,266 | \$ 28,333 | \$ 31,489 |

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5. Amounts Due from Affiliates

Following is a summary of amounts due from affiliates at December 31:

| | 2001 | 2000 |
|---|----------------|----------|
| | (In thousands) | |
| Demand note receivable from Jaren Associates #4, interest accrues quarterly at an annual rate of prime plus 2 percent (10 percent minimum) (6.75 percent at December 31, 2001). | \$ 5,865 | \$ 4,390 |
| Demand note receivable plus accrued interest from Propcor II Associates, interest at prime. The Partnership has committed to loan Propcor II Associates \$1,000,000 under this agreement. | 2,023 | 1,110 |
| Demand note receivable plus accrued interest from Propcor Associates, interest at prime (4.75 percent at | 1,548 | 1,270 |

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| | <u>2001</u> | <u>2000</u> |
|---|------------------|-------------|
| December 31, 2001), repayment dependent upon cash payments to be received by Propcor Associates under a separate partnership agreement. | | |
| Various amounts due from affiliates for asset management, leasing and development fees. | 1,268 | 1,680 |
| Demand note receivable from Russ Lyon Realty/Westcor Venture I. | 995 | 1,175 |
| Other | 140 | 966 |
| | \$ 11,839 | \$ 10,591 |

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6. Notes Payable

Notes payable consist of the following at December 31:

| | <u>2001</u> | <u>2000</u> |
|---|-------------------|-------------|
| | (In thousands) | |
| \$160,000,000 construction note payable to Bank One Arizona as agent for several lenders at LIBOR plus 1.75 percent (4.20 percent at December 31, 2001). Maturity date is December 28, 2002 with three one-year extensions. Collateralized by deed of trust covering real property (TWC Chandler LLC) and guaranteed by TWC, TWC II and WRLP. | \$ 139,268 | \$ 1,133 |
| LIBOR plus 2.25 percent note payable to Wells Fargo Bank, interest is payable monthly (4.70 percent at December 31, 2001), with the unpaid principal balance due August 30, 2002, with the option to extend for one six-month period. The interest rate could be reduced to LIBOR plus two percent depending on certain events, as defined. Secured by SFS Acquisition, LLC's (wholly owned by TWC) 50 percent interest in Scottsdale Fashion Square. The note contains certain covenants restricting distributions and additional indebtedness by TWC. The note payable is guaranteed by WRLP, TWC and TWC II. | 90,000 | |
| 6.50 percent mortgage payable to Connecticut General Life Insurance Company, payable in monthly installments of \$505,655, including interest, until January 2007 at which time the remaining principal and interest becomes due. This mortgage is collateralized by a deed of trust, an assignment of leases and rents, and a security agreement covering real property and guaranteed by TWC (Paradise Valley Mall). | 80,000 | |
| \$46,300,000 construction note payable to California Bank and Trust as agent for several lenders at LIBOR plus 2.25 percent (4.70 percent at December 31, 2001). Maturity date is May 29, 2003, with three one-year extension options. Collateralized by a deed of trust covering real property (TWC II-Prescott Mall, LLC) and guaranteed by TWC, TWC II and WRLP. | 23,039 | |
| 7.375 percent note payable to CIGNA, monthly principal and interest installments of \$182,720 are due until May 1, 2009 at which time the remaining principal balance becomes due. Collateralized by a deed of trust and security agreement covering real property (Paradise Valley Mall). | 23,975 | 24,384 |
| 7.78 percent mortgage payable to Prudential Life Insurance Company of America; principal and interest payable in monthly installments of \$136,512 until April 24, 2007, at which time the remaining principal balance becomes due. Collateralized by deed of trust covering real property (Paradise Village Gateway). | 18,123 | 18,341 |

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| | | |
|--|---------------|--------|
| 7.57 percent mortgage payable to Nomura Asset Capital Corporation, principal and interest payable in monthly installments of \$114,754 until October 11, 2007, at which time the remaining principal balance becomes due. Collateralized by deed of trust covering real property (The Borgata of Scottsdale). | 15,688 | 15,854 |
| 7.8 percent note payable to Connecticut General Life Insurance Company, principal and interest payable in monthly installments of \$121,378 until February 1, 2006, at which time the remaining principal balance becomes due. Collateralized by deed of trust covering real property (Flagstaff Mall). | 14,438 | 14,755 |
| 7.14 percent note payable to Lincoln National Life Insurance Company. Principal and interest payable are due in monthly installments of \$66,206 until February 2004, at which time the remaining principal balance becomes due. Collateralized by a deed of trust covering real property (Westbar). | 7,850 | 8,074 |
| 8.63 percent note payable to John Hancock Mutual Life Insurance, principal and interest payable in monthly installments of \$47,193 until November 2006, at which time the remaining principal balance becomes due. Collateralized by deed of trust covering real property (Village Plaza). | 5,372 | 5,470 |
| 7.47 percent note payable to Lincoln National Life Insurance Company. Principal and interest payable in monthly installments of \$40,537 until February 2006, at which time the remaining principal balance becomes due. Collateralized by deeds of trust covering real property and personal property (Village Square I and Village Square II). | 4,949 | 5,062 |
| 8.00 percent note payable to Sun Life Assurance Company of Canada, principal and interest payable in monthly installments of \$34,731 until January 2005, at which time the remaining principal balance becomes due. Collateralized by deed of trust covering real property (Westbar). | 4,233 | 4,307 |
| 6.49 percent mortgage payment to Amresco Capital, L.P., principal and interest payable in monthly installments of \$56,827 until September 1, 2008, at which time the remaining principal balance becomes due. Collateralized by a deed of trust covering real property (North Valley Power Center). Repaid during 2001. | | 8,777 |
| 7.09 percent mortgage payable to Nomura Asset Capital; principal and interest payable in monthly installments of \$46,995 until February 11, 2008, at which time the remaining principal becomes due. Collateralized by deed of trust covering real property (Arrowhead Marketplace). Repaid during 2001. | | 6,819 |

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| | | |
|--|-------------------|-------------------|
| Revolving line of credit, permitting borrowings up to \$35,000,000 and \$70,000,000 at December 31, 2001 and 2000, respectively, payable to Bank One, Arizona, N.A. (as agent), interest at prime or LIBOR rate plus 1.75 percent payable monthly. Principal balance due July 20, 2003, subject to annual one-year extensions at the lender's option. If an extension is not granted, the outstanding balance converts to a term loan with 36 monthly installments commencing one month after the conversion date. | | 22,500 |
| | \$ 426,935 | \$ 135,476 |

A total of \$35,000,000 and \$47,500,000 is available as of December 31, 2001 and 2000 under the terms of the revolving credit agreement.

Principal maturities on notes payable at December 31, 2001 are as follows (in thousands):

| | |
|------------|-------------------|
| 2002 | \$ 231,842 |
| 2003 | 25,882 |
| 2004 | 10,121 |
| 2005 | 6,852 |
| 2006 | 20,255 |
| Thereafter | 131,983 |
| | \$ 426,935 |

7. Derivative Financial Instruments and Hedging Activities

The Partnership and its affiliates borrow from institutional lenders on both a fixed interest rate basis and a variable interest rate basis. Variable interest rate borrowings are based on a credit spread over LIBOR and are subject to interest rate risk. Significant interest rate risk is managed through the use of derivative financial instruments.

Effective January 1, 2002, an interest rate swap with a \$50 million notional amount was entered into by management. The swap matures December 1, 2003, and is designated as a cash flow hedge. This swap serves to reduce exposure to interest rate risk effectively converting the LIBOR rate on \$50 million of the Partnership and its affiliates' variable interest rate borrowings to a rate of 3.215 percent. The \$217,500 in premiums paid for the purchase of the interest rate cap were expensed in 2001. No amounts were received from such contracts in 2001.

The Partnership manages the potential credit exposure from interest rate contracts through careful evaluation of the counterparties' credit standing. The Partnership is exposed to credit loss in the event of nonperformance by counterparties on the interest rate contracts; however, the Partnership does not anticipate nonperformance by any of the counterparties.

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8. Leases

Shopping center and office building space is leased to tenants pursuant to noncancelable operating lease agreements. Tenant leases typically provide for guaranteed minimum rent, percentage rent and other charges to cover certain operating costs. Included in the terms of many of the properties' leases are various rent holidays and scheduled future rent escalations. Rental income includes contingent rentals, based on tenant sales, of approximately \$1,505,000, \$1,125,000 and \$1,188,000 in 2001, 2000 and 1999, respectively.

Following is a summary of future minimum lease payments receivable under noncancelable operating leases as of December 31, 2001 (excluding amounts reimbursable by tenants for property taxes, insurance, and maintenance costs) (in thousands). Remaining lease terms vary from one to 55 years.

| | | |
|------------|----|----------------|
| 2002 | \$ | 51,425 |
| 2003 | | 49,617 |
| 2004 | | 46,955 |
| 2005 | | 44,625 |
| 2006 | | 41,414 |
| Thereafter | | 199,862 |
| | \$ | <u>433,898</u> |

9. Commitments and Contingencies

Lease Obligations

The Partnership leases the land underlying the Village Square I and II real estate projects from an affiliate. Future minimum rentals to be paid under such noncancelable operating leases are as follows as of December 31, 2001 (in thousands):

| | | |
|------------|----|--------------|
| 2002 | \$ | 97 |
| 2003 | | 97 |
| 2004 | | 97 |
| 2005 | | 97 |
| 2006 | | 97 |
| Thereafter | | 3,700 |
| | \$ | <u>4,185</u> |

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Loan Guarantees

The Partnership is a co-guarantor in certain debt held by unconsolidated entities as follows (in thousands):

| Joint Venture | Guarantors | Maturity Date | Outstanding Debt Balance December 31 | |
|--|-------------------|---------------|---|-------------------|
| | | | 2001 | 2000 |
| Chandler Gateway Partners, LLC (Chandler Gateway) | WRLP, TWC, TWC II | 9/20/03 | \$ 8,216 | \$ |
| FlatIron Holdings, LLC (FlatIron Crossing) | WRLP | Matured | | 167,000 |
| Scottsdale & Doubletree, L.L.C. (Gainey Village) | WRLP | 4/26/02 | 21,592 | 13,638 |
| Propcor II Associates, LLC (The Boulevard Shops) | WRLP, TWC II | 1/01/04 | 4,474 | |
| SanTan Festival, LLC (Chandler Festival) | WRLP, TWC, TWC II | 4/27/03 | 31,091 | 23,818 |
| | | | <u>\$ 65,373</u> | <u>\$ 204,456</u> |

Litigation

The Partnership is subject to certain litigation and administrative proceedings arising in the ordinary course of business. Management does not believe that such matters will have a material adverse impact on the Partnership's financial position or results of operations.

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Westcor Realty Limited Partnership**Consolidated Balance Sheet***(in thousands)*

| | June 30, 2002 |
|--|-------------------|
| | (Unaudited) |
| Assets | |
| Properties | \$ 527,268 |
| Investments in unconsolidated joint ventures | 94,053 |
| Cash | 38,064 |
| Accounts and notes receivable, net of allowance for doubtful accounts of \$1,249 | 4,027 |
| Amounts due from affiliates | 13,296 |
| Other assets, net | 4,554 |
| | <u>\$ 681,262</u> |
| Liabilities and Partners' Capital | |
| Accounts payable | 814 |
| Accrued compensation | 33,165 |

| | June 30, 2002 |
|---|--------------------------|
| Accrued interest payable | 1,144 |
| Other accrued expenses | 7,324 |
| Security deposits and other liabilities | 5,013 |
| | 47,460 |
| Notes payable | 361,632 |
| Minority interest | 9,458 |
| Partners' capital | 262,712 |
| | \$ 681,262 |

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Westcor Realty Limited Partnership**Consolidated Statements of Income***(in thousands)*

| | Six Months Ended | |
|--|-------------------------|--------------------|
| | 6/30/2002 | 6/30/2001 |
| | (Unaudited) | (Unaudited) |
| Revenues | | |
| Rental | \$ 28,636 | \$ 10,352 |
| Asset management, leasing and development fees | 11,523 | 12,089 |
| Operating expense reimbursements | 11,761 | 4,472 |
| Interest: | | |
| Affiliates | 456 | 396 |
| Other | 2,334 | 433 |
| Sale of properties, net | 97,360 | |
| Other | 577 | 188 |
| | 152,647 | 27,930 |
| Expenses | | |
| Interest | 10,935 | 2,464 |
| Recoverable costs from tenants | 10,776 | 4,213 |
| General and administrative | 16,584 | 4,476 |
| Depreciation and amortization | 10,330 | 3,110 |
| Management, leasing and development | 16,439 | 13,924 |
| Cost of properties sold | 91,551 | |
| | 156,615 | 28,187 |
| Income (loss) before minority interest and equity in income of unconsolidated joint ventures | (3,968) | (257) |
| Minority interest | (780) | (761) |

| | Six Months Ended | |
|---|------------------|----------|
| | 9,506 | 9,603 |
| Equity in income of unconsolidated joint ventures | 9,506 | 9,603 |
| Net income | \$ 4,758 | \$ 8,585 |

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Westcor Realty Limited Partnership

Consolidated Statements of Partners' Capital

(in thousands)

| | General Partner | Limited Partner | | Total |
|---|--------------------|-----------------|---------|----------|
| | | Class A | Class B | |
| Balance, December 31, 2000 | 3,205 | 231,676 | 85,623 | 320,504 |
| Distribution to partners | (120) | (8,674) | (3,206) | (12,000) |
| Net income six months ended June 30, 2001 | 86 | 6,206 | 2,293 | 8,585 |
| Balance, June 30, 2001 | 3,171 | 229,208 | 84,710 | 317,089 |

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Westcor Realty Limited Partnership

Consolidated Statements of Partners' Capital

(in thousands)

| | General Partner | Limited Partner | | Total |
|---|--------------------|-----------------|-----------|------------|
| | | Class A | Class B | |
| Balance, December 31, 2001 | 3,086 | 223,040 | 82,430 | 308,556 |
| Distribution to partners | (500) | (36,142) | (13,358) | (50,000) |
| Net income six months ended June 30, 2002 | 48 | 3,440 | 1,270 | 4,758 |
| Other Comprehensive Income (Loss): | | | | |
| Interest Rate Swaps | (6) | (435) | (161) | (602) |
| Balance, June 30, 2002 | \$ 2,628 | \$ 189,903 | \$ 70,181 | \$ 262,712 |

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Westcor Realty Limited Partnership

Consolidated Statements of Cash Flows
(in thousands)

| | Six Months Ended June 30, 2002 | Six Months Ended June 30, 2001 |
|---|--------------------------------------|--------------------------------------|
| | (Unaudited) | (Unaudited) |
| Operating activities | | |
| Net income | \$ 4,758 | \$ 8,585 |
| Adjustments for items not involving cash: | | |
| Depreciation and amortization | 10,330 | 3,110 |
| Amortization of common area costs | 27 | 46 |
| Gain on sale of properties | (5,809) | |
| Equity in income of unconsolidated joint ventures | (9,506) | (9,603) |
| Minority interest | 780 | 761 |
| | <u>580</u> | <u>2,899</u> |
| Net change in non-cash working capital items: | | |
| Accounts and notes receivable | (684) | (177) |
| Amounts due from affiliates | (1,457) | (3,301) |
| Other assets | 596 | (163) |
| Accounts payable | 456 | (368) |
| Accrued compensation | 13,800 | 2,486 |
| Accrued interest payable | 397 | 334 |
| Other Accrued Expenses | 1,610 | 1,285 |
| Security deposits and other liabilities | (1,116) | (268) |
| | <u>13,602</u> | <u>(172)</u> |
| Net cash provided by operating activities | 14,182 | 2,727 |
| Investing activities | | |
| Additional investments in properties | (38,452) | (57,853) |
| Accrued development costs | | (11,644) |
| Proceeds from sale of properties, net | 97,360 | |
| Additional investments in unconsolidated joint ventures | (2,008) | (42) |
| Distributions from unconsolidated joint ventures | 64,815 | 13,335 |
| Contributions by minority interest holders | | |
| Distributions to minority interest holders | (842) | (768) |
| | <u>120,873</u> | <u>(56,972)</u> |
| Net cash provided by (used in) investing activities | 120,873 | (56,972) |
| Financing activities | | |
| Principal payments on notes payable | (90,860) | (8,889) |
| Principal borrowings on notes payable | 25,557 | 72,357 |
| Distributions to partners | (50,000) | (12,000) |
| | <u>(115,303)</u> | <u>51,468</u> |
| Net cash provided by (used in) financing activities | (115,303) | 51,468 |
| Net increase (decrease) in cash | 19,752 | (2,777) |
| Cash at beginning of period | 18,312 | 9,431 |
| | <u>\$ 38,064</u> | <u>\$ 6,654</u> |
| Cash at end of period | \$ 38,064 | \$ 6,654 |
| Interest paid | \$ 11,069 | 4,176 |

| Six Months Ended June 30, 2002 | Six Months Ended June 30, 2001 |
|--------------------------------------|--------------------------------------|
| <hr/> | <hr/> |
| <hr/> | <hr/> |

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Westcor Realty Limited Partnership

Notes to Interim Consolidated Financial Statements

1. The accompanying consolidated financial statements of Westcor Realty Limited Partnership ("Westcor") have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information. They do not include all of the information and footnotes required by GAAP for complete financial statements and have not been audited by independent public accountants.

The unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements and related notes included in this Form 8-K/A. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the financial statements for the interim periods have been made. The results for interim periods are not necessarily indicative of the results to be expected for a full year.

2. Investments in Unconsolidated Joint Ventures

During the first half of 2002, Westcor sold a 50% interest in a property, known as Scottsdale Fashion Square, for \$96.6 million at a gain of \$3.6 million. Additionally, a joint venture known as FlatIron Crossing distributed \$42 million to Westcor. These proceeds were the result of an earlier payoff of a development agreement with the City of Bloomfield, Colorado. Also, during the first six months of 2002, construction costs of approximately \$25 million were spent to complete recent developments known as Chandler Fashion Center and Prescott Gateway.

3. Accrued Compensation

In the six months ended June 30, 2002, Westcor opened two 100% owned properties and had several other unconsolidated joint venture expansions. Because of the corresponding net operating income generated, compensation under Westcor's incentive compensation plan resulted in \$14.9 million of charges to general and administrative expenses for this period.

4. Notes Payable

In connection with the sale described in Note 2 above, sales proceeds were used to payoff a \$90 million bridge financing that was outstanding at December 31, 2001.

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Pro Forma Consolidated Financial Data

The following unaudited pro forma consolidated financial information reflects the acquisition of Westcor Realty Limited Partnership and its affiliated companies ("Westcor") by The Macerich Partnership, L.P., a subsidiary and the operating partnership of The Macerich Company (the "Company"). The total purchase price was approximately \$1.475 billion which included the assumption of \$733 million in existing debt and the issuance of approximately \$72 million of convertible preferred operating partnership units at a price of \$36.55 per unit in a private placement. Each preferred operating partnership unit is convertible into a common operating partnership unit which is in turn redeemable for, at the election of the Company, shares of the Company's common stock or cash. The balance of the purchase price was paid in cash which was provided primarily from a \$380 million interim loan with a term of up to 18 months bearing interest at an average rate of LIBOR plus 3.25% and a \$250 million term loan with a maturity of up to five years with an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall leverage. The pro forma consolidated statements of operations for the six months ending June 30, 2002 and 2001 and the twelve months ending December 31, 2001 assumes the Westcor acquisition occurred on January 1, 2001. The pro forma consolidated balance sheet assumes the Westcor acquisition occurred on June 30, 2002.

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The historical financial information of the Company and Westcor as of June 30, 2002 and for the six months ended June 30, 2002 and 2001 and the twelve months ending December 31, 2001 have been derived from the Company and Westcor's consolidated financial statements. The pro forma consolidated financial information should be read in conjunction with the accompanying notes thereto and with the financial statements of the Company and Westcor. The unaudited pro forma consolidated financial information does not purport to be indicative of the financial position or operating results which would have been achieved had the Westcor acquisition been consummated as of the dates indicated and should not be construed as representative of future financial position or operating results. In the opinion of the Company's management, all adjustments necessary to reflect the effects of the acquisition have been made.

The purchase allocation adjustments made in connection with the unaudited pro forma consolidated financial information are based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.

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| THE MACERICH COMPANY CONSOLIDATED BALANCE SHEET PRO FORMA (Unaudited) | (A) Historical Company June 30, 2002 | (B) Historical Westcor June 30, 2002 | Pro Forma Adjustments | Pro Forma Company June 30, 2002 |
|---|--|--|--------------------------|--|
| | (Dollars in thousands) | | | |
| ASSETS: | | | | |
| Property, net | \$ 2,024,896 | \$ 527,268 | \$ 246,023(1) | \$ 2,798,187 |
| Cash and cash equivalents | 59,605 | 38,064 | | 97,669 |
| Tenant receivables, including accrued overage rents | 34,562 | 4,027 | | 38,589 |
| Deferred charges and other assets, net | 61,953 | 17,850 | 4,872(2) | 84,675 |
| Investments in joint ventures and the management companies | 260,985 | 94,053 | 252,442(3) | 607,480 |
| Total assets | \$ 2,442,001 | \$ 681,262 | \$ 503,337 | \$ 3,626,600 |
| LIABILITIES, PREFERRED STOCK AND COMMON STOCKHOLDERS' EQUITY: | | | | |
| Mortgage notes payable: | | | | |
| Related parties | \$ 81,054 | | | \$ 81,054 |
| Others | 1,259,713 | \$ 361,632 | | 1,621,345 |
| Total | 1,340,767 | 361,632 | | 1,702,399 |
| Bank notes payable | 175,000 | | \$ 663,743(4) | 838,743 |
| Convertible debentures | 125,148 | | | 125,148 |
| Accounts payable and accrued expenses | 21,450 | 41,303 | | 62,753 |
| Due to affiliates | 11,157 | | | 11,157 |
| Other accrued liabilities | 26,160 | 6,157 | | 32,317 |
| Preferred stock dividend payable | 5,013 | | | 5,013 |
| Total liabilities | 1,704,695 | 409,092 | 663,743 | 2,777,530 |
| Minority interest | 115,237 | 9,458 | 90,597(5) | 215,292 |
| Series A cumulative convertible redeemable preferred stock | 98,934 | | | 98,934 |
| Series B cumulative convertible redeemable preferred stock | 148,402 | | | 148,402 |

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| | (A) Historical | (B) Historical | | Pro Forma |
|--|-------------------|-------------------|------------|--------------|
| | 247,336 | | | 247,336 |
| Common stockholders' equity: | | | | |
| Common stock | 360 | | | 360 |
| Additional paid in capital | 416,085 | 262,712 | (251,003) | 427,794 |
| Accumulated (deficit) earnings | (27,658) | | | (27,658) |
| Accumulated other comprehensive loss | (5,161) | | | (5,161) |
| Unamortized restricted stock | (8,893) | | | (8,893) |
| Total common stockholders' equity | 374,733 | 262,712 | (251,003) | 386,442 |
| Total liabilities, preferred stock and common stockholders' equity | \$ 2,442,001 | \$ 681,262 | \$ 503,337 | \$ 3,626,600 |

Notes:

- (A) This information should be read in conjunction with The Macerich Company's (the "Company") historical report on Form 10-Q for the six months ended June 30, 2002.
- (B) Certain reclassifications have been made in the Westcor consolidated financial statements to conform to the financial statement presentation used by the Company.
- (1) Wholly-owned property allocated basis of \$773.3 million, net of Westcor's historical basis at June 30, 2002.
- (2) Loan fees on new debt.
- (3) Joint venture allocated basis of \$346.5 million, net of Westcor's historical basis at June 30, 2002 and net of pro rata joint venture debt assumed of \$362.3 million.
- (4) Represents corporate debt funded at the date of acquisition. \$380.0 million interim loan bearing interest at an average interest rate of LIBOR plus 3.75%; \$250.0 million term loan with an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall debt levels; and the balance of \$33.7 million represents borrowings from the Company's \$425.0 million line of credit with an interest rate ranging from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level.
- (5) Minority interest adjustment reflects additional preferred operating partnership units issued at acquisition date. On July 26, 2002, 1,961,345 Class D preferred operating partnership units were issued to limited partners of Westcor. Each of these Class D units may be convertible indirectly into common stock of the Company or cash at the Company's election. Additionally, 626,250 Class C 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 Macerich Partnership, L.P.

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| THE MACERICH COMPANY CONSOLIDATED STATEMENT OF OPERATIONS PRO FORMA (Unaudited) | (A) Historical Company Six Months Ended June 30, 2002 | (B) Historical Westcor Six Months Ended June 30, 2002 | Pro Forma Adjustments | Pro Forma Company Six Months Ended June 30, 2002 |
|--|--|---|--------------------------|--|
| (Dollars in thousands, except share and per share amounts) | | | | |
| REVENUES: | | | | |
| Minimum rents | \$ 97,723 | \$ 28,550 | \$ | \$ 126,273 |
| Percentage rents | 2,288 | 86 | | 2,374 |
| Tenant recoveries | 51,380 | 11,761 | | 63,141 |
| Other | 4,667 | 14,890 | | 19,557 |
| TOTAL REVENUES | 156,058 | 55,287 | | 211,345 |
| EXPENSES: | | | | |
| Shopping center and operating expenses | 53,353 | 27,215 | (2,227)(1) | 78,341 |
| General and administrative expense | 3,544 | 16,584 | (14,900)(2) | 5,228 |
| | 56,897 | 43,799 | (17,127) | 83,569 |
| Interest expense | 50,159 | 10,935 | 17,650(3) | 78,744 |
| Depreciation and amortization | 33,635 | 10,330 | (1,960)(4) | 42,005 |
| Equity in income of unconsolidated joint ventures and the management companies | 5,406 | 9,506 | 3,113(5) | 18,025 |
| Gain (loss) on sale of assets | (3,701) | 5,809 | (5,809)(6) | (3,701) |
| Income of the Operating Partnership | 17,072 | 5,538 | (1,259) | 21,351 |
| Discontinued Operations: | | | | |
| Gain on sale of assets | 13,916 | | | 13,916 |
| Income from discontinued operations | 292 | | | 292 |
| Income before minority interest | 31,280 | 5,538 | (1,259) | 35,559 |
| Less minority interest | 5,180 | 780 | 624 | 6,584 |
| Net income | 26,100 | 4,758 | (1,883) | 28,975 |
| Less preferred dividends | 10,026 | | 2,638(7) | 12,664 |
| Net income available to common stockholders | \$ 16,074 | \$ 4,758 | (\$ 4,521) | \$ 16,311 |
| Earnings per common share basic: | | | | |
| Income from continuing operations | \$ 0.15 | | | \$ 0.16 |
| Discontinued Operations | 0.30 | | | 0.30 |
| Net income available to common stockholders | \$ 0.45 | | | \$ 0.46 |
| Weighted average number of common shares outstanding basic | | | | |
| | 35,498,000 | | | 35,498,000 |
| Weighted average number of common shares outstanding basic, assuming full conversion of operating units outstanding | | | | |
| | 46,651,000 | | 2,587,595 | 49,238,595 |

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| | (A) Historical | (B) Historical | Pro Forma |
|---|-------------------|-------------------|-----------|
| Earnings per common share diluted: | | | |
| Income from continuing operations | \$ 0.15 | | \$ 0.17 |
| Discontinued operations | 0.30 | | 0.29 |
| Net income available to common stockholders | \$ 0.45 | | \$ 0.46 |

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Weighted average
number of common
shares
outstanding diluted for
EPS

46,651,000

2,587,595

49,238,595

Notes:

- (A) This information should be read in conjunction with The Macerich Company's (the "Company") historical report on Form 10-Q for the six months ended June 30, 2002.
- (B) Certain reclassifications have been made in the Westcor consolidated financial statements to conform to the financial statement presentation used by the Company.
- (1) Includes capitalization of internal leasing costs adjustment of \$0.4 million not included in Westcor's financials at 6/30/02 and a non-recurring adjustment of \$1.8 million relating to a Westcor compensation plan.
- (2) Includes a non-recurring adjustment of \$14.9 million relating to Westcor's incentive compensation plan.
- (3) Represents interest expense on the corporate debt funded at the date of acquisition. \$380.0 million interim loan bearing interest at an average interest rate of LIBOR plus 3.75% (average interest rate at 6/30/02 was 5.64%); a \$250.0 million term loan with an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall debt levels (average interest rate at 6/30/02 was 4.90%); and the balance represents borrowings from the Company's \$425.0 million line of credit with an interest rate ranging from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. The overall interest rate on the line of credit was 4.90% at June 30, 2002.
- (4) a) Depreciation reflects allocated basis of \$773.3 million (at 80%-20% allocated to building/land) at 39.5 year life net of Westcor's historical depreciation and amortization for the six months ended June 30, 2002.
b) Amortization expense reflects loan fees from Westcor acquisition of \$4.9 million over the life of the loans.
- (5) Depreciation on joint ventures allocated basis at pro rata net of Westcor's historical depreciation and amortization of \$9.3 million for the six months ended June 30, 2002.
- (6) Non-recurring adjustment of \$5.8 million relating to Westcor's gain on sale of assets.
- (7)

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Dividends on preferred operating partnership units issued of \$71.7MM at \$0.6725 per quarter. On July 26, 2002, 1,961,345 Class D preferred operating partnership units were issued to limited partners of Westcor. Each of these Class D units may be convertible indirectly into common stock of the Company or cash at the Company's election. Additionally, 626,250 Class C 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 Macerich Partnership, L.P. Dividends of \$1.10 per share on Class C units are included in minority interest.

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| | (A) Historical | (B) Historical | | Pro Forma |
|--|---|--|--------------------------|---|
| | Company Six Months Ended June 30, 2001 | Westcor Six Months Ended June 30, 2001 | Pro Forma Adjustments | Company Six Months Ended June 30, 2001 |
| (Dollars in thousands, except share and per share amounts) | | | | |
| REVENUES: | | | | |
| Minimum rents | \$ 97,292 | \$ 9,911 | \$ 313(1) | \$ 107,516 |
| Percentage rents | 2,948 | 441 | (350)(2) | 3,039 |
| Tenant recoveries | 51,993 | 4,472 | | 56,465 |
| Other | 5,069 | 13,106 | | 18,175 |
| TOTAL REVENUES | 157,302 | 27,930 | (37) | 185,195 |
| EXPENSES: | | | | |
| Shopping center and operating expenses | 51,727 | 18,137 | (284)(3) | 69,580 |
| General and administrative expense | 3,515 | 4,476 | (3,000)(4) | 4,991 |
| | 55,242 | 22,613 | (3,284) | 74,571 |
| Interest expense | 55,493 | 2,464 | 24,747(5) | 82,704 |
| Depreciation and amortization | 32,317 | 3,110 | 5,263(6) | 40,690 |
| Equity in income of unconsolidated joint ventures and the management companies | 12,681 | 9,603 | 2,302(7) | 24,586 |
| Loss on sale of assets | (188) | | | (188) |
| Income before extraordinary item and minority interest | 26,743 | 9,346 | (24,461) | 11,628 |
| Extraordinary loss on early extinguishment of debt | (187) | | | (187) |
| Income of the Operating Partnership | 26,556 | 9,346 | (24,461) | 11,441 |
| Discontinued Operations: | | | | |
| Gain on sale of assets | | | | |
| Income from discontinued operations | 728 | | | 728 |
| Income before minority interest | 27,284 | 9,346 | (24,461) | 12,169 |
| Less minority interest | 4,377 | 761 | (6,433) | (1,295) |
| Net income | 22,907 | 8,585 | (18,028) | 13,464 |
| Less preferred dividends | 9,662 | | 2,638(8) | 12,300 |
| Net income available to common stockholders | \$ 13,245 | \$ 8,585 | \$ (20,666) | \$ 1,164 |

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| | (A) Historical | (B) Historical | Pro Forma |
|---|-------------------|-------------------|------------|
| Earnings per common share basic: | | | |
| Income from continuing operations before extraordinary items | \$ 0.38 | | \$ 0.02 |
| Extraordinary item | (0.01) | | (0.01) |
| Discontinued Operations | 0.02 | | 0.02 |
| Net income available to common stockholders | \$ 0.39 | | \$ 0.03 |
| Weighted average number of common shares outstanding basic | | | |
| | 33,706,000 | | 33,706,000 |
| Weighted average number of common shares outstanding basic, assuming full conversion of operating units outstanding | | | |
| | 44,860,000 | 2,587,595 | 47,447,595 |
| | F-32 | | |

| | | | |
|--|------------|-----------|------------|
| Earnings per common share diluted: | | | |
| Income from continuing operations before extraordinary items | \$ 0.37 | | (\$ 0.02) |
| Extraordinary item | | | |
| Discontinued operations | 0.02 | | 0.02 |
| Net income available to common stockholders | \$ 0.39 | | \$ 0.00 |
| Weighted average number of common shares outstanding diluted for EPS | | | |
| | 44,860,000 | 2,587,595 | 47,447,595 |

Notes:

- (A) This information should be read in conjunction with The Macerich Company's (the "Company") historical report on Form 10-Q for the six months ended June 30, 2001.
- (B) Certain reclassifications have been made in the Westcor consolidated financial statements to conform to the financial statement presentation used by the Company.
- (1) Includes straight-line rent adjustment of \$0.3 million in order to conform with the Company's accounting policies.
- (2) Includes overage rent adjustment (SAB 101) of (\$0.4) million in order to conform with the Company's accounting policies.
- (3) Includes capitalization of internal leasing costs adjustment of \$0.3 million in order to conform with the Company's accounting policies.
- (4) Reflects a non-recurring adjustment of \$3.0 million relating to Westcor's incentive compensation plan.
- (5)

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Represents interest expense on the corporate debt funded at the date of acquisition. \$380.0 million interim loan bearing interest at an average interest rate of LIBOR plus 3.25% (average interest rate at 6/30/01 was 7.35%); a \$250.0 million term loan with an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall debt levels (average interest rate at 6/30/01 was 7.60%); and the balance represents borrowings from the Company's \$425.0 million line of credit with an interest rate ranging from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. The overall interest rate on the line of credit was 7.60% at June 30, 2001.

(6) a) Depreciation reflects allocated basis of \$773.3 million (at 80%-20% allocated to building/land) at 39.5 year life net of Westcor's historical depreciation and amortization for the six months ended June 30, 2001.

b) Amortization expense reflects loan fees from Westcor acquisition of \$4.9 million over the life of the loans.

(7) Depreciation on joint ventures allocated basis at prorata net of Westcor's historical depreciation and amortization of \$8.6 million for the six months ended June 30, 2001.

(8) Dividends on preferred operating partnership units issued of \$71.7MM at \$0.6725 per quarter. On July 26, 2002, 1,961,345 Class D preferred operating partnership units were issued to limited partners of Westcor. Each of these Class D units may be convertible indirectly into common stock of the Company or cash at the Company's election. Additionally, 626,250 Class C 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 Macerich Partnership, L.P. Dividends of \$1.06 per share on Class C units are included in minority interest.

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| | (A) Historical | (B) Historical | | Pro Forma |
|---|---|---|--------------------------|---|
| THE MACERICH COMPANY CONSOLIDATED STATEMENT OF OPERATIONS PRO FORMA (Unaudited) | Company Year Ended December 31, 2001 | Westcor Year Ended December 31, 2001 | Pro Forma Adjustments | Company Year Ended December 31, 2001 |
| (Dollars in thousands, except share and per share amounts) | | | | |
| REVENUES: | | | | |
| Minimum rents | \$ 201,481 | \$ 22,646 | \$ 627(1) | \$ 224,754 |
| Percentage rents | 12,394 | 1,505 | | 13,899 |
| Tenant recoveries | 109,163 | 9,719 | | 118,882 |
| Other | 11,535 | 23,446 | | 34,981 |
| TOTAL REVENUES | 334,573 | 57,316 | 627 | 392,516 |
| EXPENSES: | | | | |
| Shopping center and operating expenses | 110,827 | 34,134 | (460)(2) | 144,501 |
| General and administrative expense | 6,780 | 14,226 | (10,692)(3) | 10,314 |
| | 117,607 | 48,360 | (11,152) | 154,815 |
| Interest expense | 109,646 | 8,125 | 44,004(4) | 161,775 |
| Depreciation and amortization | 65,983 | 7,964 | 8,792(5) | 82,739 |
| Equity in income of unconsolidated joint ventures and the management companies | 32,930 | 19,088 | 9,444(6) | 61,462 |
| Gain on sale of assets | 24,491 | 7,842 | (7,842)(7) | 24,491 |
| Income before extraordinary item and minority interest | 98,758 | 19,797 | (39,415) | 79,140 |
| Extraordinary loss on early extinguishment of debt | (2,034) | | | (2,034) |

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| | (A) Historical | (B) Historical | | Pro Forma |
|---|-------------------|-------------------|-------------|------------|
| Income of the Operating Partnership | 96,724 | 19,797 | (39,415) | 77,106 |
| Less minority interest | 19,001 | 2,745 | (8,313) | 13,433 |
| Net income | 77,723 | 17,052 | (31,102) | 63,673 |
| Less preferred dividends | 19,688 | | 5,275(8) | 24,963 |
| Net income available to common stockholders | \$ 58,035 | \$ 17,052 | \$ (36,377) | \$ 38,710 |
| Earnings per common share basic: | | | | |
| Income before extraordinary item | \$ 1.76 | | | \$ 1.18 |
| Extraordinary item | (0.04) | | | (0.04) |
| Net income available to common stockholders | \$ 1.72 | | | \$ 1.14 |
| Weighted average number of common shares outstanding basic | 33,809,000 | | | 33,809,000 |
| Weighted average number of common shares outstanding basic, assuming full conversion of operating units outstanding | 44,963,000 | | 2,587,595 | 47,550,595 |
| Earnings per common share diluted: | | | | |
| Income before extraordinary item | \$ 1.76 | | | \$ 1.13 |
| Extraordinary item | (0.04) | | | (0.03) |
| Net income available to common stockholders | \$ 1.72 | | | \$ 1.10 |

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| | | | |
|--|------------|-----------|------------|
| Weighted average number of common shares outstanding diluted for EPS | 44,963,000 | 2,587,595 | 47,550,595 |
|--|------------|-----------|------------|

Notes:

- (A) This information should be read in conjunction with The Macerich Company's (the "Company") historical report on Form 10-K for the twelve months ended December 31, 2001.
- (B) Certain reclassifications have been made in the Westcor consolidated financial statements to conform to the financial statement presentation used by the Company.
- (1) Includes straight-line rent adjustment of \$0.6 million in order to conform with the Company's accounting policies.
- (2)

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Includes capitalization of internal leasing costs adjustment of \$0.5 million in order to conform with the Company's accounting policies.

- (3) Includes a non-recurring adjustment of \$10.7 million relating to Westcor's incentive compensation plan.
- (4) Represents interest expense on the corporate debt funded at the date of acquisition. \$380.0 million interim loan bearing interest at an average interest rate of LIBOR plus 3.25% (average interest rate at 12/31/01 was 6.63%); a \$250.0 million term loan with an interest rate ranging from LIBOR plus 2.75% to LIBOR plus 3.00% depending on the Company's overall debt levels (average interest rate at 12/31/01 was 6.63%); and the balance represents borrowings from the Company's \$425.0 million line of credit with an interest rate ranging from LIBOR plus 1.75% to LIBOR plus 3.00% depending on the Company's overall leverage level. The overall interest rate on the line of credit was 6.63% at December 31, 2001.
- (5) a) Depreciation reflects allocated basis of \$773.3 million (at 80%-20% allocated to building/land) at 39.5 year life net of Westcor's historical depreciation and amortization for the twelve months ended December 31, 2001.
b) Amortization expense reflects loan fees from Westcor acquisition of \$4.9 million over the life of the loans.
- (6) Depreciation on joint ventures allocated basis at prorata net of Westcor's historical depreciation and amortization of \$20.5 million for the twelve months ended December 31, 2001.
- (7) Non-recurring adjustment of \$7.8 million relating to Westcor's gain on sale of assets.
- (8) Dividends on preferred operating partnership units issued of \$71.7MM at \$0.6725 per quarter. On July 26, 2002, 1,961,345 Class D preferred operating partnership units were issued to limited partners of Westcor. Each of these Class D units may be convertible indirectly into common stock of the Company or cash at the Company's election. Additionally, 626,250 Class C 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 Macerich Partnership, L.P. Dividends of \$2.14 per share on Class C units are included in minority interest.

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, The Macerich Company has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized, in the City of Santa Monica, State of California, on October 2, 2002.

THE MACERICH COMPANY

By: /s/ THOMAS E. O'HERN

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

QuickLinks

FORM 8-K/A

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

Report of Independent Auditors

Consolidated Balance Sheets (in thousands)

Consolidated Statements of Income (in thousands)

Consolidated Statements of Partners' Capital (in thousands)

Consolidated Statements of Cash Flows (in thousands)

Westcor Realty Limited Partnership Notes to Consolidated Financial Statements

Consolidated Balance Sheet (in thousands)

Consolidated Statements of Income (in thousands)

Consolidated Statements of Partners' Capital (in thousands)

Consolidated Statements of Partners' Capital (in thousands)

Consolidated Statements of Cash Flows (in thousands)

Notes to Interim Consolidated Financial Statements

SIGNATURES