

MACERICH CO
Form 8-K/A
February 08, 2013

UNITED STATES
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 Exchange Act of 1934

Date of report (Date of earliest event reported) **November 28, 2012**

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
(IRS Employer

Identification No.)

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

(Address of Principal Executive Offices) (Zip Code)

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

N/A

(Former Name or Former Address, if Changed Since Last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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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 9.01 with respect to the Current Report on Form 8-K filed by The Macerich Company (the Company) on December 4, 2012 regarding the acquisition of Kings Plaza Shopping Center (Kings Plaza).

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

Listed below are the financial statements, pro forma financial information and exhibits furnished as part of this report:

(a) Financial statements under Rule 3-14 of Regulation S-X

Independent Auditors Report

Statements of Revenues and Certain Expenses for the Nine Months Ended September 30, 2012 (Unaudited) and the Year Ended December 31, 2011

Notes to Statements of Revenues and Certain Expenses for the Nine Months Ended September 30, 2012 (Unaudited) and the Year Ended December 31, 2011

(b) Pro forma financial information (Unaudited)

Pro Forma Consolidated Balance Sheet as of September 30, 2012

Notes to Pro Forma Consolidated Balance Sheet as of September 30, 2012

Pro Forma Consolidated Statement of Operations for the Nine Months Ended September 30, 2012

Notes to Pro Forma Consolidated Statement of Operations for the Nine Months Ended September 30, 2012

Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2011

Notes to Pro Forma Consolidated Statement of Operations for the Year Ended December 31, 2011

(c) Exhibits.

23.1 Consent of KPMG LLP, dated February 8, 2013

Independent Auditors Report

The Board of Directors of

The Macerich Company:

We have audited the accompanying statement of revenues and certain expenses (Historical Summary) of Kings Plaza (the Property) for the year ended December 31, 2011. This Historical Summary is the responsibility of the Property's management. Our responsibility is to express an opinion on this Historical Summary based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Historical Summary is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Property's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Historical Summary, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Historical Summary. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Historical Summary was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission as described in note 1. The presentation is not intended to be a complete presentation of the Property's revenues and certain expenses.

In our opinion, the Historical Summary referred to above presents fairly, in all material respects, the revenues and certain expenses described in note 1 of Kings Plaza for the year ended December 31, 2011, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Los Angeles, California

February 8, 2013

KINGS PLAZA

STATEMENTS OF REVENUES AND CERTAIN EXPENSES

(Dollars in thousands)

| | For the Nine Months Ended September 30, 2012 (Unaudited) | | For the Year Ended December 31, 2011 | |
|--|---|--------|---|--------|
| Revenues: | | | | |
| Minimum rents | \$ | 26,928 | \$ | 36,572 |
| Percentage rents | | 113 | | 147 |
| Tenant recoveries | | 20,781 | | 28,054 |
| Other | | 2,787 | | 4,247 |
| Total revenues | | 50,609 | | 69,020 |
| Certain expenses: | | | | |
| Operations and maintenance | | 4,609 | | 6,479 |
| Real estate taxes | | 9,237 | | 11,723 |
| General and administrative | | 1,263 | | 1,238 |
| Ground rent | | 77 | | 103 |
| Insurance | | 527 | | 670 |
| Utilities | | 4,309 | | 7,098 |
| Security | | 813 | | 1,363 |
| Total certain expenses | | 20,835 | | 28,674 |
| Revenues in excess of certain expenses | \$ | 29,774 | \$ | 40,346 |

The accompanying notes are an integral part of these statements of revenues and certain expenses.

KINGS PLAZA

NOTES TO STATEMENTS OF REVENUES AND CERTAIN EXPENSES

NINE MONTHS ENDED SEPTEMBER 30, 2012 (UNAUDITED) AND THE YEAR ENDED DECEMBER 31, 2011

(Dollars in thousands)

1. Summary of Significant Accounting Policies:

Basis of Presentation:

The accompanying statements of revenues and certain expenses relate to the operations of Kings Plaza, a 1,198,000 square foot regional shopping center in Brooklyn, New York, which is anchored by Macy's, Sears and Lowe's. The Macerich Company purchased Kings Plaza on November 28, 2012 and acquired, among other things, the real property, improvements, personal property and power plant.

The accompanying statements of revenues and certain expenses have been prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and, accordingly are not representative of the actual results of operations of Kings Plaza for the nine months ended September 30, 2012 and the year ended December 31, 2011 due to the exclusion of the following expenses, which may not be comparable to the proposed future operations of the property:

- Depreciation and amortization,

- Management fees, and

- Mortgage interest expense since the center was refinanced on the date of acquisition.

Revenues:

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Minimum rental revenues are recognized on a straight-line basis over the terms of the related leases. Percentage rents are recognized and accrued when tenants' specified sales targets have been met.

Estimated recoveries from certain tenants for their pro rata share of real estate taxes, insurance and other shopping center operating expenses are recognized as revenues in the period the applicable expenses are incurred. Other tenants pay a fixed rate and these tenant recoveries are recognized as revenues on a straight-line basis over the terms of the related leases.

Management Estimates:

Management has made a number of estimates and assumptions relating to the reporting and disclosure of revenues and certain expenses during the reporting period to prepare the statements of revenues and certain expenses in conformity with U.S. generally accepted accounting principles. Actual results could differ from these estimates.

Unaudited Interim Statement:

The statement of revenues and certain expenses for the nine months ended September 30, 2012 is unaudited. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the statement of revenues and certain expenses for the interim period have been made.

2. Future Rental Revenues:

Under existing non-cancelable operating lease agreements, tenants are committed to pay the following minimum rental payments to Kings Plaza:

| Year Ending December 31, | | |
|---------------------------------|----|---------|
| 2012 | \$ | 30,302 |
| 2013 | | 28,199 |
| 2014 | | 25,937 |
| 2015 | | 24,893 |
| 2016 | | 23,823 |
| Thereafter | | 137,579 |
| | \$ | 270,733 |

3. Commitments and Contingencies:

The marina portion of Kings Plaza is subject to a non-cancelable operating ground lease. The lease expires on May 28, 2018, subject to options to extend the term of the lease. These extension options are at management's discretion, subject to certain conditions, which management believes will be met. Minimum future rental payments required under the lease are as follows:

| Year Ending December 31, | | |
|---------------------------------|----|-----|
| 2012 | \$ | 103 |
| 2013 | | 103 |
| 2014 | | 103 |
| 2015 | | 103 |
| 2016 | | 103 |
| Thereafter | | 147 |
| | \$ | 662 |

4. Subsequent Events:

The management of Kings Plaza evaluated subsequent events through February 8, 2013, the date that these statements of revenues and certain expenses were issued.

The Macerich Company (the Company)

Pro Forma Consolidated Financial Information (Unaudited)

The following unaudited pro forma consolidated financial information has been prepared to give effect to the Company's acquisition of Kings Plaza. The Company acquired Kings Plaza on November 28, 2012 for a final purchase price of \$756.0 million. The purchase price was funded by a cash payment of \$726.0 million and the issuance of \$30.0 million of restricted common stock of the Company. The cash payment was funded by the placement of a \$500.0 million mortgage note on the property and borrowings under the Company's line of credit.

The pro forma consolidated balance sheet has been presented as if the acquisition occurred on September 30, 2012 and the pro forma statements of operations have been presented as if the acquisition had occurred on January 1, 2011.

This pro forma consolidated financial information should be read in conjunction with the Company's consolidated financial statements included in the Company's Form 10-K for the year ended December 31, 2011, the Company's Form 10-Q for the quarterly period ended September 30, 2012, as filed with the Securities and Exchange Commission, and the statements of revenues and certain expenses of Kings Plaza and related notes thereto included elsewhere in this filing.

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

The pro forma consolidated financial statements do not purport to represent the Company's financial position or results of operations that would actually have occurred assuming the acquisition of Kings Plaza along with the related financing transactions had all occurred on January 1, 2011; nor do they purport to project the Company's financial position or results of operations as of any future date or for any future period.

THE MACERICH COMPANY

PRO FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF SEPTEMBER 30, 2012

(Dollars in thousands)

| | The Company (a) | Pro Forma Adjustments | Pro Forma Total |
|---|--------------------|-----------------------|--------------------|
| ASSETS: | | | |
| Property, net | \$ 5,942,141 | \$ 714,589(b) | \$ 6,656,730 |
| Cash and cash equivalents | 76,553 | | 76,553 |
| Restricted cash | 61,743 | 2,240(c) | 63,983 |
| Marketable securities | 24,209 | | 24,209 |
| Tenant and other receivables, net | 108,329 | | 108,329 |
| Deferred charges and other assets, net | 359,228 | 66,653(b) | |
| | | 7,901(c) | |
| | | 4,554(d) | 438,336 |
| Loans to unconsolidated joint ventures | 3,334 | | 3,334 |
| Due from affiliates | 7,595 | | 7,595 |
| Investments in unconsolidated joint ventures | 1,026,724 | | 1,026,724 |
| Total assets | \$ 7,609,856 | \$ 795,937 | \$ 8,405,793 |
| LIABILITIES AND EQUITY: | | | |
| Mortgage notes payable: | | | |
| Related parties | \$ 275,871 | \$ | \$ 275,871 |
| Others | 3,109,402 | 500,000(c) | 3,609,402 |
| Total | 3,385,273 | 500,000 | 3,885,273 |
| Bank and other notes payable | 404,239 | 235,786(e) | 640,025 |
| Accounts payable and accrued expenses | 74,754 | | 74,754 |
| Other accrued liabilities | 278,198 | 25,242(b) | |
| | | 4,909(d) | 308,349 |
| Distributions in excess of investments in unconsolidated joint ventures | 86,666 | | 86,666 |
| Co-venture obligation | 95,018 | | 95,018 |
| Total liabilities | 4,324,148 | 765,937 | 5,090,085 |
| Commitments and contingencies | | | |
| Equity: | | | |
| Stockholders' equity: | | | |
| Common stock | 1,363 | 5(f) | 1,368 |
| Additional paid-in capital | 3,671,351 | 29,995(f) | 3,701,346 |
| Accumulated deficit | (734,684) | | (734,684) |
| Total stockholders' equity | 2,938,030 | 30,000 | 2,968,030 |
| Noncontrolling interests | 347,678 | | 347,678 |
| Total equity | 3,285,708 | 30,000 | 3,315,708 |
| Total liabilities and equity | \$ 7,609,856 | \$ 795,937 | \$ 8,405,793 |

The accompanying notes are an integral part of this pro forma consolidated balance sheet (unaudited).

THE MACERICH COMPANY

NOTES TO PRO FORMA CONSOLIDATED BALANCE SHEET (UNAUDITED)

AS OF SEPTEMBER 30, 2012

(Dollars in thousands)

(a) This information represents the Company's historical consolidated balance sheet as of September 30, 2012, which was included in the Company's previously filed Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

(b) Includes the pro forma effect of the Company's acquisition of Kings Plaza. The purchase price was allocated to assets acquired and liabilities assumed based on fair values as follows:

| | | |
|--|----|---------|
| Property, net | \$ | 714,589 |
| Deferred charges and other assets, net | | 66,653 |
| Total assets acquired | | 781,242 |
| Other accrued liabilities | | 25,242 |
| Total liabilities assumed | | 25,242 |
| Fair value of assets acquired, net | \$ | 756,000 |

The purchase price allocation of Kings Plaza is preliminary and subject to change.

(c) Represents the pro forma effect of the Company's placement of a \$500,000 mortgage note payable on the property. The mortgage note payable bears interest at an effective interest of 3.67% and matures on December 3, 2019. In accordance with the loan agreement, the Company has established a restricted cash account for \$2,240 at the date of acquisition. The Company incurred origination costs of \$7,901 in placement of this loan which are included in deferred charges and other assets, net, in the accompanying pro forma consolidated balance sheet.

(d) Includes certain pro ration adjustments related to the acquisition.

(e) Represents additional borrowings under the Company's line of credit to fund the acquisition.

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(f) Represents the value of 535,265 restricted shares of common stock of the Company issued as part of the purchase price on November 28, 2012.

THE MACERICH COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(Dollars in thousands, except per share amounts)

| | The Company (a) | Kings Plaza (b) | Pro Forma Adjustments | Pro Forma Total |
|---|--------------------|--------------------|--------------------------|--------------------|
| Revenues: | | | | |
| Minimum rents | \$ 356,551 | \$ 26,928 | \$ (38)(c) | \$ 383,441 |
| Percentage rents | 11,938 | 113 | | 12,051 |
| Tenant recoveries | 197,924 | 20,781 | | 218,705 |
| Management Companies | 30,730 | | | 30,730 |
| Other | 33,017 | 2,787 | | 35,804 |
| Total revenues | 630,160 | 50,609 | (38) | 680,731 |
| Expenses: | | | | |
| Shopping center and operating expenses | 198,258 | 20,835 | 255(d) | 219,348 |
| Management Companies operating expenses | 66,953 | | | 66,953 |
| REIT general and administrative expenses | 15,235 | | | 15,235 |
| Depreciation and amortization | 217,548 | | 15,776(e) | 233,324 |
| | 497,994 | 20,835 | 16,031 | 534,860 |
| Interest expense: | | | | |
| Related parties | 11,588 | | | 11,588 |
| Other | 116,855 | | 18,473(f) | 135,328 |
| | 128,443 | | 18,473 | 146,916 |
| Total expenses | 626,437 | 20,835 | 34,504 | 681,776 |
| Equity in income of unconsolidated joint ventures | 68,624 | | | 68,624 |
| Co-venture expense | (4,462) | | | (4,462) |
| Income tax benefit | 2,159 | | | 2,159 |
| Gain on remeasurement, sale or write down of assets, net | 40,603 | | | 40,603 |
| Income from continuing operations | 110,647 | 29,774 | (34,542) | 105,879 |
| Less income from continuing operations attributable to noncontrolling interests | 11,838 | | (398) | 11,440 |
| Income from continuing operations attributable to the Company | \$ 98,809 | \$ 29,774 | \$ (34,144) | \$ 94,439 |
| Earnings per common share attributable to Company: | | | | |
| Income (loss) from continuing operations - basic | \$ 0.74 | | \$ (0.04) | \$ 0.70 |
| Income (loss) from continuing operations - diluted | \$ 0.74 | | \$ (0.04) | \$ 0.70 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 133,091,000 | | 535,265(g) | 133,626,265 |
| Diluted | 133,187,000 | | 535,265(g) | 133,722,265 |

The accompanying notes are an integral part of this pro forma consolidated statement of operations (unaudited).

THE MACERICH COMPANY

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

(Dollars in thousands)

(a) This information represents the Company's historical consolidated statement of operations for the nine months ended September 30, 2012, which was included in the Company's previously filed Quarterly Report on Form 10-Q for the quarter ended September 30, 2012.

(b) This information represents revenues and certain expenses of Kings Plaza for the nine months ended September 30, 2012, which was included in this Current Report on Form 8-K/A.

(c) Represents the pro forma amortization of above and below market leases based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.

(d) Represents the pro forma amortization of a below market ground lease based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.

(e) Represents the pro forma depreciation and amortization expense based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.

(f) Represents interest expense on the \$500,000 mortgage loan placed on the property and interest expense on the additional borrowings on the Company's line of credit.

(g) Represents the restricted shares of common stock of the Company issued as part of the purchase price of Kings Plaza.

THE MACERICH COMPANY

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE YEAR ENDED DECEMBER 31, 2011

(Dollars in thousands, except per share amounts)

| | The Company (a) | Kings Plaza (b) | Pro Forma Adjustments | Pro Forma Total |
|---|--------------------|--------------------|--------------------------|--------------------|
| Revenues: | | | | |
| Minimum rents | \$ 429,007 | \$ 36,572 | \$ 795(c) | \$ 466,374 |
| Percentage rents | 19,175 | 147 | | 19,322 |
| Tenant recoveries | 241,776 | 28,054 | | 269,830 |
| Management Companies | 40,404 | | | 40,404 |
| Other | 33,009 | 4,247 | | 37,256 |
| Total revenues | 763,371 | 69,020 | 795 | 833,186 |
| Expenses: | | | | |
| Shopping center and operating expenses | 242,298 | 28,674 | 340(d) | 271,312 |
| Management Companies operating expenses | 86,587 | | | 86,587 |
| REIT general and administrative expenses | 21,113 | | | 21,113 |
| Depreciation and amortization | 252,075 | | 22,648(e) | 274,723 |
| | 602,073 | 28,674 | 22,988 | 653,735 |
| Interest expense: | | | | |
| Related parties | 16,743 | | | 16,743 |
| Other | 162,965 | | 24,475(f) | 187,440 |
| | 179,708 | | 24,475 | 204,183 |
| Loss on early extinguishment of debt, net | 10,588 | | | 10,588 |
| Total expenses | 792,369 | 28,674 | 47,463 | 868,506 |
| Equity in income of unconsolidated joint ventures | 294,677 | | | 294,677 |
| Co-venture expense | (5,806) | | | (5,806) |
| Income tax benefit | 6,110 | | | 6,110 |
| Loss on remeasurement, sale or write down of assets, net | (22,037) | | | (22,037) |
| Income from continuing operations | 243,946 | 40,346 | (46,668) | 237,624 |
| Less income from continuing operations attributable to noncontrolling interests | 14,965 | | (542) | 14,423 |
| Income from continuing operations attributable to the Company | \$ 228,981 | \$ 40,346 | \$ (46,126) | \$ 223,201 |
| Earnings per common share attributable to Company: | | | | |
| Income (loss) from continuing operations - basic | \$ 1.70 | | \$ (0.05) | \$ 1.65 |
| Income (loss) from continuing operations - diluted | \$ 1.70 | | \$ (0.05) | \$ 1.65 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 131,628,000 | | 535,265(g) | 132,163,265 |

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Diluted

131,628,000

535,265(g)

132,163,265

The accompanying notes are an integral part of this pro forma consolidated statement of operations (unaudited).

THE MACERICH COMPANY

NOTES TO PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

FOR THE YEAR ENDED December 31, 2011

(Dollars in thousands)

- (a) This information represents the Company's historical consolidated statement of operations for the year ended December 31, 2011, which was included in the Company's previously filed Annual Report on Form 10-K for the year ended December 31, 2011. The presentation includes the reclassifications of revenues and expenses of \$27,879 and \$42,352, respectively, to discontinued operations related to dispositions subsequent to the filing of the Annual Report on Form 10-K for the year ended December 31, 2011.
- (b) This information represents revenues and certain expenses of Kings Plaza for the year ended December 31, 2011, included in this Current Report on Form 8-K/A.
- (c) Represents the pro forma amortization of above and below market leases based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.
- (d) Represents the pro forma amortization of a below market ground lease based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.
- (e) Represents the pro forma depreciation and amortization expense based on the purchase price allocation of Kings Plaza, which is based on the information available at this time. Subsequent adjustments to the allocation may be made based on additional information.
- (f) Represents interest expense on the \$500,000 mortgage loan placed on the property and interest expense on the additional borrowings on the Company's line of credit.
- (g) Represents the restricted shares of common stock of the Company issued as part of the purchase price of Kings Plaza.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, The Macerich Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE MACERICH COMPANY

By: THOMAS E. O. HERN

/s/ THOMAS E. O. HERN
Senior Executive Vice President,
Chief Financial Officer
and Treasurer

February 8, 2013

EXHIBIT INDEX

| EXHIBIT NUMBER | NAME |
|---------------------------|---|
| 23.1 | Consent of KPMG LLP, dated February 8, 2013 |