



Simon® Reports First Quarter 2023 Results and Increases Full Year 2023 Guidance and Raises Quarterly Dividend

May 2, 2023

INDIANAPOLIS, May 2, 2023 /PRNewswire/ -- Simon®, a real estate investment trust engaged in the ownership of premier shopping, dining, entertainment and mixed-use destinations, today reported results for the quarter ended March 31, 2023.



"We are off to a good start in 2023," said David Simon, Chairman, Chief Executive Officer and President. "We continue to strengthen our Company through disciplined investments and proactive capital markets activities, further enhancing our already strong financial flexibility. Given our current view for the remainder of 2023, today we raised our quarterly dividend and are increasing the mid-point of our full-year 2023 guidance."

Results for the Quarter

- Net income attributable to common stockholders was \$451.8 million, or \$1.38 per diluted share, as compared to \$426.6 million, or \$1.30 per diluted share in 2022.
- Funds From Operations ("FFO") was \$1.026 billion, or \$2.74 per diluted share as compared to \$1.015 billion, or \$2.70 per diluted share in the prior year.
- Domestic property Net Operating Income ("NOI") increased 4.0% and portfolio NOI increased 3.9%, in each case, compared to the prior year period.

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 94.4% at March 31, 2023, compared to 93.3% at March 31, 2022, an increase of 1.1%.
- Base minimum rent per square foot was \$55.84 at March 31, 2023, compared to \$54.14 at March 31, 2022, an increase of 3.1%.
- Reported retailer sales per square foot was \$759, an increase of 3.3% for the trailing 12 months ended March 31, 2023.

Development Activity

On April 27, 2023, we opened [Paris-Giverny Designer Outlet](#), in Normandy, France. The center includes 228,000 square feet of prestigious luxury and premium brands, providing shoppers in the western region of Paris with one of the finest open-air retail and leisure experiences. Simon owns a 74% interest in this center.

During the quarter, construction restarted on a 338,000 square foot upscale outlet located in Jenks (Tulsa), Oklahoma, projected to open in the fall of 2024. Simon owns 100% of this project.

Construction continues on redevelopment and expansion projects at properties in North America, Europe and Asia.

Capital Markets and Balance Sheet Liquidity

During the quarter, the Company completed a two tranche senior notes offering totaling \$1.3 billion. Combined, the two new issues of senior notes had a weighted-average term of 20 years and a weighted-average coupon rate of 5.675%.

The Company also closed on a new \$5.0 billion multi-currency unsecured revolving credit facility, replacing the Company's prior \$4.0 billion senior unsecured revolving credit facility. The new facility will initially mature on June 30, 2027 and at our sole option, can be extended for an additional year to June 30, 2028. Based upon the Company's current credit ratings, the interest rate for U.S. Dollar borrowings is unchanged from the prior facility at SOFR plus 82.5 basis points (inclusive of a 10 basis point SOFR spread adjustment).

As of March 31, 2023, Simon had approximately \$9.3 billion of liquidity consisting of \$1.8 billion of cash on hand, including its share of joint venture cash, and \$7.5 billion of available capacity under its revolving credit facilities.

Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$1.85 for the second quarter of 2023. This is an increase of \$0.15, or 8.8% year-over-year. The dividend will be payable on June 30, 2023 to shareholders of record on June 9, 2023.

Simon's Board of Directors declared the quarterly dividend on its 8 3/8% Series J Cumulative Redeemable Preferred Stock (NYSE: SPGPrJ) of \$1.046875 per share, payable on June 30, 2023 to shareholders of record on June 16, 2023.

2023 Guidance

The Company currently estimates net income to be within a range of \$6.45 to \$6.60 per diluted share and FFO to be within a range of \$11.80 to \$11.95 per diluted share for the year ending December 31, 2023. The FFO per diluted share range is an increase from the \$11.70 to \$11.95 per diluted share range provided on February 6, 2023, or an increase of \$0.05 per diluted share at the mid-point.

The following table provides the GAAP to non-GAAP reconciliation for the expected range of estimated net income attributable to common stockholders per diluted share to FFO per diluted share:

For the year ending December 31, 2023

| | Low | High |
|--|-------------|-------------|
| | <u>End</u> | <u>End</u> |
| Estimated net income attributable to common stockholders per diluted share | \$6.45 | \$6.60 |
| Depreciation and amortization including Simon's share of unconsolidated entities | <u>5.35</u> | <u>5.35</u> |
| Estimated FFO per diluted share | \$11.80 | \$11.95 |

Conference Call

Simon will hold a conference call to discuss the quarterly financial results today from 5:00 p.m. to 6:00 p.m. Eastern Time, Tuesday, May 2, 2023. A live webcast of the conference call will be accessible in listen-only mode at investors.simon.com. An audio replay of the conference call will be available until May 9, 2023. To access the audio replay, dial 1-844-512-2921 (international +1-412-317-6671) passcode 13737588.

Supplemental Materials and Website

Supplemental information on our first quarter 2023 performance is available at investors.simon.com. This information has also been furnished to the SEC in a current report on Form 8-K.

We routinely post important information online on our investor relations website, investors.simon.com. We use this website, press releases, SEC filings, quarterly conference calls, presentations and webcasts to disclose material, non-public information in accordance with Regulation FD. We encourage members of the investment community to monitor these distribution channels for material disclosures. Any information accessed through our website is not incorporated by reference into, and is not a part of, this document.

Non-GAAP Financial Measures

This press release includes FFO, FFO per share and portfolio NOI growth which are financial performance measures not defined by generally accepted accounting principles in the United States ("GAAP"). Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are included in this press release and in Simon's supplemental information for the quarter. FFO and NOI growth are financial performance measures widely used in the REIT industry. Our definitions of these non-GAAP measures may not be the same as similar measures reported by other REITs.

Forward-Looking Statements

Certain statements made in this press release may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained, and it is possible that the Company's actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: changes in economic and market conditions that may adversely affect the general retail environment, including but not limited to those caused by inflation, recessionary pressures, wars, such as in Ukraine, and supply chain disruptions; the inability to renew leases and relet vacant space at existing properties on favorable terms; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; an increase in vacant space at our properties; the potential for violence, civil unrest, criminal activity or terrorist activities at our properties; natural disasters; the availability of comprehensive insurance coverage; the intensely competitive market environment in the retail industry, including e-commerce; security breaches that could compromise our information technology or infrastructure; the increased focus on ESG metrics and reporting; environmental liabilities; our international activities subjecting us to risks that are different from or greater than those associated with our domestic operations, including changes in foreign exchange rates; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; the inability to lease newly developed properties on favorable terms; the loss of key management personnel; uncertainties regarding the impact of pandemics, epidemics or public health crises, and the associated governmental restrictions on our business, financial condition, results of operations, cash flow and liquidity; changes in market rates of interest; the impact of our substantial indebtedness on our future operations, including covenants in the governing agreements that impose restrictions on us that may affect our ability to operate freely; any disruption in the financial markets that may adversely affect our ability to access capital for growth and satisfy our ongoing debt service requirements; any change in our credit rating; risks relating to our joint venture properties, including guarantees of certain joint venture indebtedness; and general risks related to real estate investments, including the illiquidity of real estate investments.

The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in its annual and quarterly periodic reports filed with the SEC. The Company may update that discussion in subsequent other periodic reports, but except as required by law, the Company undertakes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

About Simon

Simon® is a real estate investment trust engaged in the ownership of premier shopping, dining, entertainment and mixed-use destinations and an S&P 100 company (Simon Property Group, NYSE: SPG). Our properties across North America, Europe and Asia provide community gathering places for millions of people every day and generate billions in annual sales.

Simon Property Group, Inc.
Unaudited Consolidated Statements of Operations
(Dollars in thousands, except per share amounts)

| | For the Three Months Ended March 31, | |
|---|---|-------------------|
| | 2023 | 2022 |
| REVENUE: | | |
| Lease income | \$ 1,248,185 | \$ 1,207,867 |
| Management fees and other revenues | 28,949 | 27,587 |
| Other income | 73,715 | 60,468 |
| Total revenue | 1,350,849 | 1,295,922 |
| EXPENSES: | | |
| Property operating | 111,748 | 103,664 |
| Depreciation and amortization | 307,059 | 310,163 |
| Real estate taxes | 111,159 | 111,691 |
| Repairs and maintenance | 22,174 | 22,304 |
| Advertising and promotion | 24,159 | 25,263 |
| Home and regional office costs | 56,820 | 52,197 |
| General and administrative | 9,107 | 7,833 |
| Other | 45,900 | 42,416 |
| Total operating expenses | 688,126 | 675,531 |
| OPERATING INCOME BEFORE OTHER ITEMS | 662,723 | 620,391 |
| Interest expense | (199,429) | (185,159) |
| Income and other tax benefit | 13,453 | 1,435 |
| Income from unconsolidated entities | 21,900 | 81,184 |
| Unrealized gains (losses) in fair value of publicly traded equity instruments, net | 20,608 | (31,032) |
| Gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | - | 1,491 |
| CONSOLIDATED NET INCOME | 519,255 | 488,310 |
| Net income attributable to noncontrolling interests | 66,594 | 60,846 |
| Preferred dividends | 834 | 834 |
| NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS | \$ 451,827 | \$ 426,630 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE: | | |
| Net income attributable to common stockholders | \$ 1.38 | \$ 1.30 |

Simon Property Group, Inc.
Unaudited Consolidated Balance Sheets
(Dollars in thousands, except share amounts)

| | March 31, 2023 | December 31, 2022 |
|---------------------------------|---------------------------|------------------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 38,505,497 | \$ 38,326,912 |
| Less - accumulated depreciation | 16,823,305 | 16,563,749 |

| | | |
|--|----------------------|----------------------|
| | 21,682,192 | 21,763,163 |
| Cash and cash equivalents | 1,155,423 | 621,628 |
| Tenant receivables and accrued revenue, net | 779,702 | 823,540 |
| Investment in TRG, at equity | 3,062,030 | 3,074,345 |
| Investment in Klépierre, at equity | 1,541,743 | 1,561,112 |
| Investment in other unconsolidated entities, at equity | 3,440,532 | 3,511,263 |
| Right-of-use assets, net | 494,591 | 496,930 |
| Deferred costs and other assets | 1,141,583 | 1,159,293 |
| Total assets | \$ 33,297,796 | \$ 33,011,274 |

LIABILITIES:

| | | |
|--|----------------------|---------------|
| Mortgages and unsecured indebtedness | \$ 25,569,968 | \$ 24,960,286 |
| Accounts payable, accrued expenses, intangibles, and deferred revenues | 1,351,870 | 1,491,583 |
| Cash distributions and losses in unconsolidated entities, at equity | 1,703,448 | 1,699,828 |
| Dividend payable | 2,436 | 1,997 |
| Lease liabilities | 495,573 | 497,953 |
| Other liabilities | 497,210 | 535,736 |
| Total liabilities | 29,620,505 | 29,187,383 |

Commitments and contingencies

| | | |
|---|----------------|---------|
| Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests | 224,419 | 212,239 |
|---|----------------|---------|

EQUITY:

Stockholders' Equity

Capital stock (850,000,000 total shares authorized, \$ 0.0001 par value, 238,000,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock):

| | | |
|---|---------------|--------|
| Series J 8 3/8% cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding with a liquidation value of \$39,847 | 41,352 | 41,435 |
|---|---------------|--------|

| | | |
|--|-----------|----|
| Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 342,905,419 and 342,905,419 issued and outstanding, respectively | 34 | 34 |
|--|-----------|----|

| | | |
|--|---|---|
| Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding | - | - |
|--|---|---|

| | | |
|--------------------------------|-------------------|------------|
| Capital in excess of par value | 11,231,471 | 11,232,881 |
|--------------------------------|-------------------|------------|

| | | |
|---------------------|--------------------|-------------|
| Accumulated deficit | (6,069,767) | (5,926,974) |
|---------------------|--------------------|-------------|

| | | |
|--------------------------------------|------------------|-----------|
| Accumulated other comprehensive loss | (160,854) | (164,873) |
|--------------------------------------|------------------|-----------|

| | | |
|--|--------------------|-------------|
| Common stock held in treasury, at cost, 15,916,949 and 15,959,628 shares, respectively | (2,038,723) | (2,043,979) |
|--|--------------------|-------------|

| | | |
|----------------------------|------------------|-----------|
| Total stockholders' equity | 3,003,513 | 3,138,524 |
|----------------------------|------------------|-----------|

| | | |
|--------------------------|----------------|---------|
| Noncontrolling interests | 449,359 | 473,128 |
|--------------------------|----------------|---------|

| | | |
|---------------------|------------------|-----------|
| Total equity | 3,452,872 | 3,611,652 |
|---------------------|------------------|-----------|

| | | |
|-------------------------------------|----------------------|----------------------|
| Total liabilities and equity | \$ 33,297,796 | \$ 33,011,274 |
|-------------------------------------|----------------------|----------------------|

Simon Property Group, Inc.

*Unaudited Joint Venture Combined Statements of Operations
(Dollars in thousands)*

**For the Three Months
Ended March 31,
2023 2022**

REVENUE:

| | | |
|---------------|-------------------|------------|
| Lease income | \$ 735,048 | \$ 717,768 |
| Other income | 90,046 | 112,585 |
| Total revenue | 825,094 | 830,353 |

OPERATING EXPENSES:

| | | |
|-------------------------------|----------------|---------|
| Property operating | 154,922 | 149,515 |
| Depreciation and amortization | 164,473 | 170,562 |
| Real estate taxes | 64,004 | 65,324 |
| Repairs and maintenance | 18,774 | 21,481 |
| Advertising and promotion | 20,710 | 19,318 |
| Other | 53,310 | 48,843 |
| Total operating expenses | 476,193 | 475,043 |

OPERATING INCOME BEFORE OTHER ITEMS **348,901** 355,310

| | | |
|-------------------|--------------------------|-------------------|
| Interest expense | <u>(168,206)</u> | (144,448) |
| NET INCOME | <u>\$ 180,695</u> | <u>\$ 210,862</u> |

Third-Party Investors' Share of Net Income **\$ 90,259** \$ 104,657

Our Share of Net Income **90,436** 106,205
Amortization of Excess Investment (A) **(14,921)** (15,139)

Income from Unconsolidated Entities (B) **\$ 75,515** \$ 91,066

Note: The above financial presentation does not include any information related to our investments in Klépierre S.A. ("Klépierre") and The Taubman Realty Group ("TRG"). For additional information, see footnote B.

Simon Property Group, Inc.
Unaudited Joint Venture Combined Balance Sheets
(Dollars in thousands)

| | <u>March 31,</u> <u>2023</u> | <u>December 31,</u> <u>2022</u> |
|---|---------------------------------|------------------------------------|
| Assets: | | |
| Investment properties, at cost | \$ 19,281,318 | \$ 19,256,108 |
| Less - accumulated depreciation | 8,615,876 | 8,490,990 |
| | <u>10,665,442</u> | 10,765,118 |
| Cash and cash equivalents | 1,442,100 | 1,445,353 |
| Tenant receivables and accrued revenue, net | 504,883 | 546,025 |
| Right-of-use assets, net | 138,209 | 143,526 |
| Deferred costs and other assets | \$ 445,744 | \$ 482,375 |
| Total assets | <u>\$ 13,196,378</u> | <u>\$ 13,382,397</u> |
| Liabilities and Partners' Deficit: | | |
| Mortgages | \$ 14,544,401 | \$ 14,569,921 |
| Accounts payable, accrued expenses, intangibles, and deferred revenue | 881,365 | 961,984 |
| Lease liabilities | 127,840 | 133,096 |
| Other liabilities | 403,041 | 446,064 |
| Total liabilities | <u>15,956,647</u> | 16,111,065 |
| Preferred units | 67,450 | 67,450 |
| Partners' deficit | <u>(2,827,719)</u> | (2,796,118) |
| Total liabilities and partners' deficit | <u>\$ 13,196,378</u> | <u>\$ 13,382,397</u> |
| Our Share of: | | |
| Partners' deficit | \$ (1,234,120) | \$ (1,232,086) |
| Add: Excess Investment (A) | <u>1,212,729</u> | 1,219,117 |
| Our net Investment in unconsolidated entities, at equity | <u>\$ (21,391)</u> | <u>\$ (12,969)</u> |

Note: The above financial presentation does not include any information related to our investments in Klépierre, TRG and other platform investments. For additional information, see footnote B.

Simon Property Group, Inc.
Unaudited Reconciliation of Non-GAAP Financial Measures (C)
(Amounts in thousands, except per share amounts)

Reconciliation of Consolidated Net Income to FFO

For the Three Months Ended
March 31,
2023 **2022**

| | | |
|--|----------------------------|----------------------------|
| Consolidated Net Income (D) | \$ 519,255 | \$ 488,310 |
| Adjustments to Arrive at FFO: | | |
| Depreciation and amortization from consolidated properties | 304,234 | 307,913 |
| Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments | 209,330 | 225,086 |
| Gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | - | (1,491) |
| Net (income) loss attributable to noncontrolling interest holders in properties | (762) | 996 |
| Noncontrolling interests portion of depreciation and amortization, gain on consolidation of properties, and loss (gain) on disposal of properties | (4,775) | (4,389) |
| Preferred distributions and dividends | (1,313) | (1,313) |
| FFO of the Operating Partnership | <u>\$ 1,025,969</u> | <u>\$ 1,015,112</u> |
| Diluted net income per share to diluted FFO per share reconciliation: | | |
| Diluted net income per share | \$ 1.38 | \$ 1.30 |
| Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments, net of noncontrolling interests portion of depreciation and amortization | 1.36 | 1.41 |
| Gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | - | (0.01) |
| Diluted FFO per share | <u>\$ 2.74</u> | <u>\$ 2.70</u> |

Details for per share calculations:

| | | |
|---|--------------|--------------|
| FFO of the Operating Partnership | \$ 1,025,969 | \$ 1,015,112 |
| Diluted FFO allocable to unitholders | (129,646) | (127,645) |
| Diluted FFO allocable to common stockholders | \$ 896,323 | \$ 887,467 |
| Basic and Diluted weighted average shares outstanding | 326,954 | 328,606 |
| Weighted average limited partnership units outstanding | 47,291 | 47,264 |
| Basic and Diluted weighted average shares and units outstanding | 374,245 | 375,870 |
| Basic and Diluted FFO per Share | \$ 2.74 | \$ 2.70 |
| Percent Change | 1.5 % | |

Simon Property Group, Inc.
Footnotes to Unaudited Financial Information

Notes:

- (A) Excess investment represents the unamortized difference of our investment over equity in the underlying net assets of the related partnerships and joint ventures shown therein. The Company generally amortizes excess investment over the life of the related assets.

- (B) The Unaudited Joint Venture Combined Statements of Operations do not include any operations or our share of net income or excess investment amortization related to our investments in Klépierre, TRG and other platform investments. Amounts included in Footnote D below exclude our share of related activity for our investments in Klépierre, TRG and other platform investments. For further information on Klépierre, reference should be made to financial information in Klépierre's public filings and additional discussion and analysis in our Form 10-K.
- (C) This report contains measures of financial or operating performance that are not specifically defined by GAAP, including FFO and FFO per share. FFO is a performance measure that is standard in the REIT business. We believe FFO provides investors with additional information concerning our operating performance and a basis to compare our performance with those of other REITs. We also use these measures internally to monitor the operating performance of our portfolio. Our computation of these non-GAAP measures may not be the same as similar measures reported by other REITs.

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts ("NAREIT") Funds From Operations White Paper - 2018 Restatement. Our main business includes acquiring, owning, operating, developing, and redeveloping real estate in conjunction with the rental of retail real estate. Gains and losses of assets incidental to our main business are included in FFO. We determine FFO to be our share of consolidated net income computed in accordance with GAAP, excluding real estate related depreciation and amortization, excluding gains and losses from extraordinary items, excluding gains and losses from the sale, disposal or property insurance recoveries of, or any impairment related to, depreciable retail operating properties, plus the allocable portion of FFO of unconsolidated joint ventures based upon economic ownership interest, and all determined on a consistent basis in accordance with GAAP. However, you should understand that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income determined in accordance with GAAP as a measure of operating performance, and is not an alternative to cash flows as a measure of liquidity.

- (D) Includes our share of:
- Gain on land sales of \$4.5 million and (\$0.1) million for the three months ended March 31, 2023 and 2022, respectively.
 - Straight-line adjustments decreased income by (\$7.7) million and (\$10.3) million for the three months ended March 31, 2023 and 2022, respectively.
 - Amortization of fair market value of leases increased (decreased) income by \$0.1 million and (\$0.1) million for the three months ended March 31, 2023 and 2022, respectively.

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SOURCE Simon

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