



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

August 2, 2023

INDIANAPOLIS, Aug. 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 June 30, 2023.



"We are very pleased with our financial and operational performance in the second quarter and again raised our quarterly dividend and full-year 2023 guidance," said David Simon, Chairman, Chief Executive Officer and President.

Results for the Quarter

- Net income attributable to common stockholders was \$486.3 million, or \$1.49 per diluted share, as compared to \$496.7 million, or \$1.51 per diluted share in 2022.
- Funds From Operations ("FFO") was \$1.077 billion, or \$2.88 per diluted share as compared to \$1.093 billion, or \$2.91 per diluted share in the prior year.
- Domestic property Net Operating Income ("NOI") increased 3.3% and portfolio NOI increased 3.7%, in each case, compared to the prior year period.

Results for the Six Months

- Net income attributable to common stockholders was \$938.2 million, or \$2.87 per diluted share, as compared to \$923.4 million, or \$2.81 per diluted share in 2022.
- FFO was \$2.103 billion, or \$5.62 per diluted share as compared to \$2.108 billion, or \$5.61 per diluted share in the prior year.
- Domestic property NOI increased 3.6% and portfolio NOI increased 3.8%, in each case, compared to the prior year period.

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 94.7% at June 30, 2023, compared to 93.9% at June 30, 2022, an increase of 80 basis points.
- Base minimum rent per square foot was \$56.27 at June 30, 2023, compared to \$54.58 at June 30, 2022, an increase of 3.1%.
- Reported retailer sales per square foot was \$747 for the trailing 12 months ended June 30, 2023.

Development Activity

Construction continues on redevelopment and expansion projects at properties in North America, Europe and Asia. In April, we opened a new shopping destination in Paris-Giverny, France.

Capital Markets and Balance Sheet Liquidity

The Company was active in the credit markets through the first six months of the year.

During the first six months, the Company completed 9 non-recourse mortgage loans totaling approximately \$820 million (U.S. dollar equivalent), of which Simon's share was \$404 million. The weighted average interest rate on these loans was 6.01%.

As of June 30, 2023, Simon had approximately \$8.8 billion of liquidity consisting of \$1.4 billion of cash on hand, including its share of joint venture cash, and \$7.4 billion of available capacity under its revolving credit facilities.

Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$1.90 for the third quarter of 2023. This is an increase of \$0.15, or 8.6% year-over-year. The dividend will be payable on September 29, 2023 to shareholders of record on September 8, 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 September 29, 2023 to shareholders of record on September 15, 2023.

2023 Guidance

The Company currently estimates net income to be within a range of \$6.39 to \$6.49 per diluted share and FFO to be within a range of \$11.85 to \$11.95 per diluted share for the year ending December 31, 2023. The FFO per diluted share range is an increase from the \$11.80 to \$11.95 per diluted share range provided on May 2, 2023, or an increase of \$0.02 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 End	High End
Estimated net income attributable to common stockholders per diluted share	\$6.39	\$6.49
Depreciation and amortization including Simon's share of unconsolidated entities	5.45	5.45
Loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interest in unconsolidated entities and impairment, net	0.01	0.01
Estimated FFO per diluted share	<u>\$11.85</u>	<u>\$11.95</u>

Conference Call

Simon will hold a conference call to discuss the quarterly financial results today from 4:30 p.m. to 5:30 p.m. Eastern Time, Wednesday, August 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 August 9, 2023. To access the audio replay, dial 1-844-512-2921 (international +1-412-317-6671) passcode 13739743.

Supplemental Materials and Website

Supplemental information on our second 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 June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 1,254,958	\$ 1,194,700	\$ 2,503,143	\$ 2,402,566
Management fees and other revenues	33,507	28,811	62,457	56,398
Other income	81,136	56,331	154,850	116,799
Total revenue	1,369,601	1,279,842	2,720,450	2,575,763
EXPENSES:				
Property operating	118,263	112,408	230,012	216,071
Depreciation and amortization	319,534	298,273	626,592	608,436
Real estate taxes	111,837	111,989	222,996	223,680
Repairs and maintenance	23,002	20,050	45,176	42,354
Advertising and promotion	33,745	20,064	57,904	45,327
Home and regional office costs	50,006	47,516	106,826	99,713
General and administrative	10,058	9,360	19,164	17,194
Other	45,231	33,421	91,132	75,836
Total operating expenses	711,676	653,081	1,399,802	1,328,611
OPERATING INCOME BEFORE OTHER ITEMS	657,925	626,761	1,320,648	1,247,152
Interest expense	(218,086)	(187,316)	(417,515)	(372,473)
Gain on disposal, exchange, or revaluation of equity interests	36,437	-	36,437	-
Income and other tax (expense) benefit	(10,487)	(24,346)	2,966	(22,912)
Income from unconsolidated entities	90,455	190,073	112,355	271,257
Unrealized gains (losses) in fair value of publicly traded equity instruments, net	5,617	(17,817)	26,225	(48,850)
Loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(4,356)	(17,875)	(4,356)	(16,384)
CONSOLIDATED NET INCOME	557,505	569,480	1,076,760	1,057,790
Net income attributable to noncontrolling interests	70,328	71,903	136,921	132,747
Preferred dividends	834	834	1,669	1,669
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 486,343	\$ 496,743	\$ 938,170	\$ 923,374

BASIC AND DILUTED EARNINGS PER COMMON SHARE:

Net income attributable to common stockholders \$ 1.49 \$ 1.51 \$ 2.87 \$ 2.81

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

	June 30, 2023	December 31, 2022
ASSETS:		
Investment properties, at cost	\$ 38,749,494	\$ 38,326,912
Less - accumulated depreciation	<u>17,126,186</u>	<u>16,563,749</u>
	21,623,308	21,763,163
Cash and cash equivalents	837,465	621,628
Tenant receivables and accrued revenue, net	738,170	823,540
Investment in TRG, at equity	2,978,024	3,074,345
Investment in Klépierre, at equity	1,542,634	1,561,112
Investment in other unconsolidated entities, at equity	3,439,251	3,511,263
Right-of-use assets, net	492,253	496,930
Deferred costs and other assets	<u>1,167,891</u>	<u>1,159,293</u>
Total assets	<u>\$ 32,818,996</u>	<u>\$ 33,011,274</u>
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 24,990,480	\$ 24,960,286
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,543,848	1,491,583
Cash distributions and losses in unconsolidated entities, at equity	1,749,960	1,699,828
Dividend payable	2,885	1,997
Lease liabilities	493,193	497,953
Other liabilities	<u>511,400</u>	<u>535,736</u>
Total liabilities	<u>29,291,766</u>	<u>29,187,383</u>
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests	226,659	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	41,270	41,435
Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 342,900,671 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	11,211,425	11,232,881
Accumulated deficit	(6,189,540)	(5,926,974)
Accumulated other comprehensive loss	(175,967)	(164,873)
Common stock held in treasury, at cost, 15,709,631 and 15,959,628 shares, respectively	<u>(2,015,585)</u>	<u>(2,043,979)</u>
Total stockholders' equity	2,871,637	3,138,524
Noncontrolling interests	<u>428,934</u>	<u>473,128</u>
Total equity	<u>3,300,571</u>	<u>3,611,652</u>
Total liabilities and equity	<u>\$ 32,818,996</u>	<u>\$ 33,011,274</u>

Simon Property Group, Inc.
Unaudited Joint Venture Combined Statements of Operations
(Dollars in thousands)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 733,761	\$ 714,215	\$ 1,468,809	\$ 1,431,985
Other income	138,193	73,506	228,239	186,090
Total revenue	<u>871,954</u>	<u>787,721</u>	<u>1,697,048</u>	<u>1,618,075</u>
OPERATING EXPENSES:				
Property operating	155,036	142,697	309,958	292,212
Depreciation and amortization	159,329	164,913	323,802	335,474
Real estate taxes	64,939	63,365	128,943	128,689
Repairs and maintenance	17,643	19,209	36,418	40,690
Advertising and promotion	18,804	16,247	39,514	35,565

Other	63,208	47,867	116,516	96,710
Total operating expenses	478,959	454,298	955,151	929,340
OPERATING INCOME BEFORE OTHER ITEMS	392,995	333,423	741,897	688,735
Interest expense	(167,498)	(147,587)	(335,706)	(292,038)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	1,134	-	1,134	-
NET INCOME	\$ 226,631	\$ 185,836	\$ 407,325	\$ 396,697
Third-Party Investors' Share of Net Income	\$ 114,808	\$ 93,041	\$ 205,067	\$ 197,697
Our Share of Net Income	111,823	92,795	202,258	199,000
Amortization of Excess Investment (A)	(14,928)	(15,086)	(29,848)	(30,225)
Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net	(454)	-	(454)	-
Income from Unconsolidated Entities (B)	\$ 96,441	\$ 77,709	\$ 171,956	\$ 168,775

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

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

	June 30, 2023	December 31, 2022
Assets:		
Investment properties, at cost	\$ 19,293,420	\$ 19,256,108
Less - accumulated depreciation	8,693,057	8,490,990
	10,600,363	10,765,118
Cash and cash equivalents	1,294,306	1,445,353
Tenant receivables and accrued revenue, net	485,163	546,025
Right-of-use assets, net	129,451	143,526
Deferred costs and other assets	586,802	482,375
Total assets	\$ 13,096,085	\$ 13,382,397
Liabilities and Partners' Deficit:		
Mortgages	\$ 14,527,052	\$ 14,569,921
Accounts payable, accrued expenses, intangibles, and deferred revenue	922,028	961,984
Lease liabilities	118,914	133,096
Other liabilities	397,007	446,064
Total liabilities	15,965,001	16,111,065
Preferred units	67,450	67,450
Partners' deficit	(2,936,366)	(2,796,118)
Total liabilities and partners' deficit	\$ 13,096,085	\$ 13,382,397
Our Share of:		
Partners' deficit	\$ (1,283,776)	\$ (1,232,086)
Add: Excess Investment (A)	1,198,669	1,219,117
Our net investment in unconsolidated entities, at equity	\$ (85,107)	\$ (12,969)

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		For the Six Months Ended	
	June 30, 2023	2022	June 30, 2023	2022
Consolidated Net Income (D)	\$ 557,505	\$ 569,480	\$ 1,076,760	\$ 1,057,790
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	316,382	296,022	620,615	603,935
Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments	205,321	215,616	414,651	440,702
Loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	4,356	17,875	4,356	16,384
Net loss (income) attributable to noncontrolling interest holders in				

properties	364	121	(398)	1,118
Noncontrolling interests portion of depreciation and amortization, gain on consolidation of properties, and loss (gain) on disposal of properties	(5,435)	(4,855)	(10,209)	(9,245)
Preferred distributions and dividends	(1,313)	(1,313)	(2,626)	(2,626)
FFO of the Operating Partnership	\$ 1,077,180	\$ 1,092,946	\$ 2,103,149	\$ 2,108,058

Diluted net income per share to diluted FFO per share reconciliation:

Diluted net income per share	\$ 1.49	\$ 1.51	\$ 2.87	\$ 2.81
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	1.38	1.35	2.74	2.76
Loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	0.01	0.05	0.01	0.04
Diluted FFO per share	\$ 2.88	\$ 2.91	\$ 5.62	\$ 5.61

Details for per share calculations:

FFO of the Operating Partnership	\$ 1,077,180	\$ 1,092,946	\$ 2,103,149	\$ 2,108,058
Diluted FFO allocable to unitholders	(135,890)	(137,603)	(265,536)	(265,248)
Diluted FFO allocable to common stockholders	\$ 941,290	\$ 955,343	\$ 1,837,613	\$ 1,842,810
Basic and Diluted weighted average shares outstanding	327,190	328,445	327,073	328,525
Weighted average limited partnership units outstanding	47,233	47,310	47,262	47,287
Basic and Diluted weighted average shares and units outstanding	374,423	375,755	374,335	375,812
Basic and Diluted FFO per Share	\$ 2.88	\$ 2.91	\$ 5.62	\$ 5.61
Percent Change	-1.0 %		0.2 %	

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 \$0.1 million and \$6.1 million for the three months ended June 30, 2023 and 2022, respectively, and \$4.6 million and \$6.0 million for the six months ended June 30, 2023 and 2022, respectively.
- Straight-line adjustments decreased income by (\$4.1) million and (\$5.8) million for the three months ended June 30, 2023 and 2022, respectively, and (\$11.8) million and (\$16.1) million for the six months ended June 30, 2023 and 2022, respectively.
- Amortization of fair market value of leases increased (decreased) income by \$0.1 million and (\$0.2) million for the three months ended June 30, 2023 and 2022, respectively, and \$0.2 million and (\$0.3) million for the six months ended June 30, 2023 and 2022, respectively.

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SOURCE Simon

Tom Ward, 317-685-7330, Investors; Nicole Kennon, 704-804-1960, Media