



Simon® Reports Fourth Quarter and Full Year 2023 Results and Raises Quarterly Dividend

February 5, 2024

INDIANAPOLIS, Feb. 5, 2024 /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 and twelve months ended December 31, 2023.



"This was an excellent quarter and year for Simon Property Group, which was capped off by our 30th anniversary as a public company in December. Over that 30-year period, we are proud to have delivered a total return to shareholders of 3,100%," said David Simon, Chairman, Chief Executive Officer and President. "In 2023, we generated record annual Funds From Operations of nearly \$4.7 billion, executed over 18 million square feet of leases, delivered 13 significant redevelopment projects, and completed several major financing transactions that reinforced our industry-leading balance sheet. We achieved 2023 total shareholder return of 29.3% and returned \$2.9 billion to shareholders in dividends and share repurchases."

Results for the Quarter

- Net income attributable to common stockholders was \$747.5 million, or \$2.29 per diluted share, as compared to \$673.8 million, or \$2.06 per diluted share in 2022.
 - Net income for the fourth quarter of 2023 includes after-tax net gains of \$117.4 million, or \$0.31 per diluted share, primarily due to the partial sale of the Company's ownership interest in Authentic Brands Group ("ABG"); prior year period included non-cash after-tax gains from investment activity of \$90.5 million, or \$0.25 per diluted share.
- Funds From Operations ("FFO") was \$1.382 billion, or \$3.69 per diluted share as compared to \$1.274 billion, or \$3.40 per diluted share in the prior year, inclusive of the gains referenced above.
- Domestic property Net Operating Income ("NOI") increased 7.3% and portfolio NOI increased 7.2% compared to the prior year period.

Results for the Year

- Net income attributable to common stockholders was \$2.280 billion, or \$6.98 per diluted share, as compared to \$2.136 billion, or \$6.52 per diluted share in 2022.
 - Net income for 2023 includes after-tax gains of \$282.9 million or \$0.75 per diluted share from investment activity; prior year included non-cash after-tax gains of \$27.1 million or \$0.08 per diluted share from investment activity.
- FFO was \$4.686 billion, or \$12.51 per diluted share as compared to \$4.481 billion, or \$11.95 per diluted share in the prior year, inclusive of the gains referenced above.
- Domestic property NOI increased 4.8% and portfolio NOI increased 4.9% compared to the prior year period.

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 95.8% at December 31, 2023, compared to 94.9% at December 31, 2022, an increase of 90 basis points.
- Base minimum rent per square foot was \$56.82 at December 31, 2023, compared to \$55.13 at December 31, 2022, an increase of 3.1%.
- Reported retailer sales per square foot was \$743 for the trailing 12 months ended December 31, 2023, a decrease of 1.3% compared to 2022.

Capital Markets and Balance Sheet Liquidity

The Company was active in both the secured and unsecured credit markets in 2023.

During the year, the Company completed three senior notes offerings totaling \$3.1 billion, with a weighted average coupon rate of 5.36% and a weighted average term of 15.6 years. The Company also completed 16 non-recourse mortgage loans totaling approximately \$1.73 billion (U.S. dollar equivalent), of which Simon's share was \$954 million. The weighted average interest rate on the mortgage loans was 6.53%. The Company also closed on a new, upsized \$5.0 billion multi-currency unsecured revolving credit facility.

As of December 31, 2023, Simon had approximately \$10.9 billion of liquidity consisting of \$2.8 billion of cash on hand, including its share of joint venture cash, and \$8.1 billion of available capacity under its revolving credit facilities.

Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$1.95 for the first quarter of 2024. This is an increase of \$0.15, or 8.3% year-over-year. The dividend will be payable on March 29, 2024 to shareholders of record on March 8, 2024.

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 March 29, 2024 to shareholders of record on March 15, 2024.

2024 Guidance

The Company currently estimates net income to be within a range of \$6.45 to \$6.70 per diluted share and FFO to be within a range of \$11.85 to \$12.10 per diluted share for the year ending December 31, 2024.

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, 2024

	Low End	High End
Estimated net income attributable to common stockholders per diluted share	\$6.45	\$6.70
Depreciation and amortization including Simon's share of unconsolidated entities	<u>5.40</u>	<u>5.40</u>
Estimated FFO per diluted share	<u>\$11.85</u>	<u>\$12.10</u>

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, Monday, February 5, 2024. 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 February 12, 2024. To access the audio replay, dial 1-844-512-2921 (international +1-412-317-6671) passcode 13743637.

Supplemental Materials and Website

Supplemental information on our fourth 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, escalating geopolitical tensions as a result of the war in Ukraine and the conflicts in the Middle East, 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; reducing emissions of greenhouse gases; 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](https://www.simon.com)® 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 December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 1,362,455	\$ 1,287,141	\$ 5,164,335	\$ 4,905,175
Management fees and other revenues	33,484	31,853	125,995	116,904
Other income	131,499	80,904	368,506	269,368
Total revenue	1,527,438	1,399,898	5,658,836	5,291,447
EXPENSES:				
Property operating	122,793	127,206	489,346	464,135
Depreciation and amortization	320,256	317,181	1,262,107	1,227,371
Real estate taxes	103,330	109,612	441,783	443,224
Repairs and maintenance	29,420	29,602	97,257	93,595
Advertising and promotion	40,633	35,364	127,346	107,793
Home and regional office costs	53,113	41,168	207,618	184,592
General and administrative	10,278	9,994	38,513	34,971
Other	55,476	45,566	187,844	152,213
Total operating expenses	735,299	715,693	2,851,814	2,707,894
OPERATING INCOME BEFORE OTHER ITEMS	792,139	684,205	2,807,022	2,583,553
Interest expense	(224,923)	(200,901)	(854,648)	(761,253)

Gain on disposal, exchange, or revaluation of equity interests, net	167,390	121,177	362,019	121,177
Income and other tax expense	(41,622)	(52,344)	(81,874)	(83,512)
Income from unconsolidated entities	167,828	213,635	375,663	647,977
Unrealized (losses) gains in fair value of publicly traded equity instruments and derivative instrument, net	(8,157)	2,208	11,892	(61,204)
Gain (loss) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	6,841	4,768	(3,056)	5,647
CONSOLIDATED NET INCOME	859,496	772,748	2,617,018	2,452,385
Net income attributable to noncontrolling interests	111,182	98,128	333,892	312,850
Preferred dividends	834	834	3,337	3,337
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 747,480	\$ 673,786	\$ 2,279,789	\$ 2,136,198
BASIC AND DILUTED EARNINGS PER COMMON SHARE:				
Net income attributable to common stockholders	\$ 2.29	\$ 2.06	\$ 6.98	\$ 6.52

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

	December 31, 2023	December 31, 2022
ASSETS:		
Investment properties, at cost	\$ 39,285,138	\$ 38,326,912
Less - accumulated depreciation	17,716,788	16,563,749
	21,568,350	21,763,163
Cash and cash equivalents	1,168,991	621,628
Short-term investments	1,000,000	-
Tenant receivables and accrued revenue, net	826,126	823,540
Investment in TRG, at equity	3,049,719	3,074,345
Investment in Klépierre, at equity	1,527,872	1,561,112
Investment in other unconsolidated entities, at equity	3,540,648	3,511,263
Right-of-use assets, net	484,073	496,930
Deferred costs and other assets	1,117,716	1,159,293
Total assets	\$ 34,283,495	\$ 33,011,274
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 26,033,423	\$ 24,960,286
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,693,248	1,491,583
Cash distributions and losses in unconsolidated entities, at equity	1,760,922	1,699,828
Dividend payable	1,842	1,997
Lease liabilities	484,861	497,953
Other liabilities	621,601	535,736
Total liabilities	30,595,897	29,187,383
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests	195,949	212,239
EQUITY:		
Stockholders' Equity		
Capital stock (total shares authorized, \$0.0001 par value, 238,000,000 shares of excess common stock, 850,000,000 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	41,106	41,435
Common stock, \$0.0001 par value, 511,990,000 shares authorized, 342,895,886 and 342,905,419 issued and outstanding, respectively	33	34
Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	11,406,236	11,232,881
Accumulated deficit	(6,095,576)	(5,926,974)
Accumulated other comprehensive loss	(172,787)	(164,873)
Common stock held in treasury, at cost, 16,983,364 and 15,959,628 shares, respectively	(2,156,178)	(2,043,979)
Total stockholders' equity	3,022,834	3,138,524
Noncontrolling interests	468,815	473,128
Total equity	3,491,649	3,611,652
Total liabilities and equity	\$ 34,283,495	\$ 33,011,274

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 772,258	\$ 752,541	\$ 2,984,455	\$ 2,894,611
Other income	106,797	83,478	464,058	341,923
Total revenue	<u>879,055</u>	<u>836,019</u>	<u>3,448,513</u>	<u>3,236,534</u>
OPERATING EXPENSES:				
Property operating	163,275	159,804	638,638	605,018
Depreciation and amortization	172,727	161,836	656,089	666,762
Real estate taxes	45,258	59,010	237,809	246,707
Repairs and maintenance	21,642	23,200	77,093	81,522
Advertising and promotion	24,577	22,058	83,279	74,776
Other	56,742	59,827	236,955	205,405
Total operating expenses	<u>484,221</u>	<u>485,735</u>	<u>1,929,863</u>	<u>1,880,190</u>
OPERATING INCOME BEFORE OTHER ITEMS	394,834	350,284	1,518,650	1,356,344
Interest expense	(176,964)	(159,668)	(685,193)	(599,245)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	-	45,814	20,529	50,336
NET INCOME	\$ 217,870	\$ 236,430	\$ 853,986	\$ 807,435
Third-Party Investors' Share of Net Income	\$ 107,069	\$ 142,897	\$ 436,408	\$ 423,816
Our Share of Net Income	110,801	93,533	417,578	383,619
Amortization of Excess Investment (A)	(14,926)	(14,956)	(59,707)	(60,109)
Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net	-	-	(454)	(2,532)
Income from Unconsolidated Entities (B)	\$ 95,875	\$ 78,577	\$ 357,417	\$ 320,978

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)

	December 31,	December 31,
	2023	2022
Assets:		
Investment properties, at cost	\$ 19,315,578	\$ 19,256,108
Less - accumulated depreciation	8,874,745	8,490,990
	<u>10,440,833</u>	<u>10,765,118</u>
Cash and cash equivalents	1,372,377	1,445,353
Tenant receivables and accrued revenue, net	505,933	546,025
Right-of-use assets, net	126,539	143,526
Deferred costs and other assets	537,943	482,375
Total assets	<u>\$ 12,983,625</u>	<u>\$ 13,382,397</u>
Liabilities and Partners' Deficit:		
Mortgages	\$ 14,282,839	\$ 14,569,921
Accounts payable, accrued expenses, intangibles, and deferred revenue	1,032,217	961,984
Lease liabilities	116,535	133,096
Other liabilities	368,582	446,064
Total liabilities	<u>15,800,173</u>	<u>16,111,065</u>
Preferred units	67,450	67,450
Partners' deficit	(2,883,998)	(2,796,118)
Total liabilities and partners' deficit	<u>\$ 12,983,625</u>	<u>\$ 13,382,397</u>
Our Share of:		
Partners' deficit	\$ (1,258,809)	\$ (1,232,086)

Add: Excess Investment (A)	1,173,852	1,219,117
Our net Investment in unconsolidated entities, at equity	<u>\$ (84,957)</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 December 31,		For the Twelve Months Ended December 31,	
	2023	2022	2023	2022
Consolidated Net Income (D)	\$ 859,496	\$ 772,748	\$ 2,617,018	\$ 2,452,385
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	316,881	311,304	1,250,550	1,214,441
Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments	219,604	200,654	841,862	845,784
(Gain) loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(6,841)	(4,768)	3,056	(5,647)
Net loss (income) attributable to noncontrolling interest holders in properties	585	(240)	1,336	(2,738)
Noncontrolling interests portion of depreciation and amortization, gain on consolidation of properties, and loss (gain) on disposal of properties	(6,464)	(4,594)	(22,719)	(18,234)
Preferred distributions and dividends	(1,298)	(1,313)	(5,237)	(5,252)
FFO of the Operating Partnership	<u>\$ 1,381,963</u>	<u>\$ 1,273,791</u>	<u>\$ 4,685,866</u>	<u>\$ 4,480,739</u>

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

Diluted net income per share	\$ 2.29	\$ 2.06	\$ 6.98	\$ 6.52
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	1.42	1.35	5.52	5.44
(Gain) loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(0.02)	(0.01)	0.01	(0.01)
Diluted FFO per share	<u>\$ 3.69</u>	<u>\$ 3.40</u>	<u>\$ 12.51</u>	<u>\$ 11.95</u>

Details for per share calculations:

FFO of the Operating Partnership	\$ 1,381,963	\$ 1,273,791	\$ 4,685,866	\$ 4,480,739
Diluted FFO allocable to unitholders	<u>(179,592)</u>	<u>(160,937)</u>	<u>(597,727)</u>	<u>(564,946)</u>
Diluted FFO allocable to common stockholders	<u>\$ 1,202,371</u>	<u>\$ 1,112,854</u>	<u>\$ 4,088,139</u>	<u>\$ 3,915,793</u>
Basic and Diluted weighted average shares outstanding	325,934	326,954	326,808	327,817
Weighted average limited partnership units outstanding	<u>48,930</u>	<u>47,303</u>	<u>47,782</u>	<u>47,295</u>
Basic and Diluted weighted average shares and units outstanding	<u>374,864</u>	<u>374,257</u>	<u>374,590</u>	<u>375,112</u>
Basic and Diluted FFO per Share	\$ 3.69	\$ 3.40	\$ 12.51	\$ 11.95
Percent Change	8.5 %		4.7 %	

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 \$5.8 million and \$0.2 million for the three months ended December 31, 2023 and 2022, respectively, and \$13.6 million and \$15.8 million for the twelve months ended December 31, 2023 and 2022, respectively.
- Straight-line adjustments decreased income by (\$1.0) million and (\$3.9) million for the three months ended December 31, 2023 and 2022, respectively, and (\$11.4) million and (\$26.8) million for the twelve months ended December 31, 2023 and 2022, respectively.
- Amortization of fair market value of leases increased (decreased) income by \$0.0 million and \$0.1 million for the three months ended December 31, 2023 and 2022, respectively, and \$0.2 million and (\$0.2) million for the twelve months ended December 31, 2023 and 2022, respectively.

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