



Simon® Reports Second Quarter 2024 Results, Increases Full Year 2024 Guidance and Raises Quarterly Dividend

August 5, 2024

INDIANAPOLIS, Aug. 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 ended June 30, 2024.



"We are pleased with our financial and operational performance in the second quarter," said David Simon, Chairman, Chief Executive Officer and President. "We continue to invest in our retail real estate platforms with transformative redevelopments, including the addition of mixed-use components, and selective new developments including the grand opening of Tulsa Premium Outlets on August 15, 2024 at 100% leased. Today, we once again raised our quarterly dividend and are increasing the mid-point of our full-year 2024 guidance."

Results for the Quarter

- Net income attributable to common stockholders was \$493.5 million, or \$1.51 per diluted share, as compared to \$486.3 million, or \$1.49 per diluted share in 2023.
 - Net income for the three months of 2023 included after-tax net gains of \$32.9 million, or \$0.09 per diluted share from investment activity.
- Funds From Operations ("FFO") was \$1.088 billion, or \$2.90 per diluted share as compared to \$1.077 billion, or \$2.88 per diluted share in the prior year, inclusive of the \$0.09 per diluted share in net gains from investment activity.
- Real Estate FFO was \$2.93 per diluted share as compared to \$2.81 per diluted share in the prior year, an increase of 4.3% year-over-year.
- Domestic property Net Operating Income ("NOI") increased 5.2% and portfolio NOI increased 4.8% compared to the prior year period.

Results for the Six Months

- Net income attributable to common stockholders was \$1.225 billion, or \$3.76 per diluted share, as compared to \$938.2 million, or \$2.87 per diluted share in 2023.
 - Net income for the six months of 2024 includes after-tax net gains of \$306.3 million, or \$0.82 per diluted share, primarily resulting from the sale of the Company's remaining ownership interest in Authentic Brands Group in the first quarter; prior year included non-cash after-tax gains of \$53.6 million or \$0.14 per diluted share from investment activity.
- FFO was \$2.421 billion, or \$6.46 per diluted share as compared to \$2.103 billion, or \$5.62 per diluted share in the prior year, inclusive of the gains referenced above.
- Real Estate FFO was \$5.84 per diluted share as compared to \$5.64 per diluted share in the prior year, an increase of 3.5% year-over-year.
- Domestic property NOI increased 4.5% and portfolio NOI increased 4.4% compared to the prior year period.

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy at June 30, 2024 was 95.6%, a 0.9% increase compared to 94.7% at June 30, 2023.
- Base minimum rent per square foot was \$57.94 at June 30, 2024, compared to \$56.27 at June 30, 2023, an increase of 3.0%.
- Reported retailer sales per square foot was \$741 for the trailing 12 months ended June 30, 2024.

Development Activity

On August 15th, Tulsa Premium Outlets (Jenks, Oklahoma) will open with 338,000 square feet featuring a dynamic mix of merchandise, amenities and experiences. Simon owns 100% of this center.

During the second quarter, construction started on a new, 234-unit luxury residential development at Northgate Station (Seattle, Washington).

Capital Markets and Balance Sheet Liquidity

During the first six months, the Company completed 10 non-recourse mortgage loans totaling approximately \$1.1 billion (U.S. dollar equivalent), of which Simon's share was \$544 million. The weighted average interest rate on these loans was 6.36%.

As of June 30, 2024, Simon had approximately \$11.2 billion of liquidity consisting of \$3.1 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 \$2.05 for the third quarter of 2024. This is an increase of \$0.15, or 7.9% year-over-year. The dividend will be payable on September 30, 2024 to shareholders of record on September 9, 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 September 30, 2024 to shareholders of record on September 16, 2024.

2024 Guidance

The Company currently estimates net income to be within a range of \$7.37 to \$7.47 per diluted share and FFO to be within a range of \$12.80 to \$12.90 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	\$7.37	\$7.47
Depreciation and amortization including Simon's share of unconsolidated entities	5.45	5.45
Gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interest in unconsolidated entities and impairment, net	(0.02)	(0.02)
Estimated FFO per diluted share	\$12.80	\$12.90

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, August 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 August 12, 2024. To access the audio replay, dial 1-844-512-2921 (international +1-412-317-6671) passcode 13747531.

Supplemental Materials and Website

Supplemental information on our second quarter 2024 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, Real Estate 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 inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; the potential loss of anchor stores or major tenants; 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 June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
REVENUE:				
Lease income	\$ 1,315,740	\$ 1,254,958	\$ 2,618,412	\$ 2,503,143
Management fees and other revenues	33,186	33,507	62,642	62,457
Other income	109,340	81,136	219,802	154,850
Total revenue	1,458,266	1,369,601	2,900,856	2,720,450
EXPENSES:				
Property operating	131,292	118,263	257,406	230,012
Depreciation and amortization	310,016	319,534	617,384	626,592
Real estate taxes	96,640	111,837	205,849	222,996
Repairs and maintenance	24,524	23,002	50,253	45,176
Advertising and promotion	38,828	33,745	66,909	57,904
Home and regional office costs	50,481	50,006	111,204	106,826
General and administrative	10,839	10,058	19,970	19,164
Other	41,545	45,231	82,600	91,132
Total operating expenses	704,165	711,676	1,411,575	1,399,802
OPERATING INCOME BEFORE OTHER ITEMS	754,101	657,925	1,489,281	1,320,648

Interest expense	(221,338)	(218,086)	(451,960)	(417,515)
Gain on disposal, exchange, or revaluation of equity interests, net	-	36,437	414,769	36,437
Income and other tax (expense) benefit	(4,961)	(10,487)	(52,564)	2,966
Income from unconsolidated entities	42,214	90,455	7,872	112,355
Unrealized gains (losses) in fair value of publicly traded equity instruments and derivative instrument, net	2,405	5,617	(4,787)	26,225
(Loss) gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(2,986)	(4,356)	7,980	(4,356)
CONSOLIDATED NET INCOME	569,435	557,505	1,410,591	1,076,760
Net income attributable to noncontrolling interests	75,136	70,328	183,755	136,921
Preferred dividends	834	834	1,669	1,669
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 493,465	\$ 486,343	\$ 1,225,167	\$ 938,170
BASIC AND DILUTED EARNINGS PER COMMON SHARE:				
Net income attributable to common stockholders	\$ 1.51	\$ 1.49	\$ 3.76	\$ 2.87

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

	June 30, 2024	December 31, 2023
ASSETS:		
Investment properties, at cost	\$ 39,664,271	\$ 39,285,138
Less - accumulated depreciation	<u>18,298,345</u>	<u>17,716,788</u>
	21,365,926	21,568,350
Cash and cash equivalents	1,234,433	1,168,991
Short-term investments	1,300,000	1,000,000
Tenant receivables and accrued revenue, net	793,107	826,126
Investment in TRG, at equity	2,930,647	3,049,719
Investment in Klépierre, at equity	1,450,789	1,527,872
Investment in other unconsolidated entities, at equity	2,649,551	3,540,648
Right-of-use assets, net	523,232	484,073
Deferred costs and other assets	<u>1,129,286</u>	<u>1,117,716</u>
Total assets	\$ 33,376,971	\$ 34,283,495
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 25,287,745	\$ 26,033,423
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,627,309	1,693,248
Cash distributions and losses in unconsolidated entities, at equity	1,729,001	1,760,922
Dividend payable	1,737	1,842
Lease liabilities	523,966	484,861
Other liabilities	<u>620,500</u>	<u>621,601</u>
Total liabilities	29,790,258	30,595,897
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests	188,699	195,949
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	40,942	41,106
Common stock, \$0.0001 par value, 511,990,000 shares authorized, 342,890,839 and 342,895,886 issued and outstanding, respectively	33	33
Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	11,362,588	11,406,236
Accumulated deficit	(6,155,936)	(6,095,576)
Accumulated other comprehensive loss	(166,904)	(172,787)
Common stock held in treasury, at cost, 16,855,456 and 16,983,364 shares, respectively	<u>(2,136,137)</u>	<u>(2,156,178)</u>
Total stockholders' equity	2,944,586	3,022,834
Noncontrolling interests	<u>453,428</u>	<u>468,815</u>
Total equity	3,398,014	3,491,649
Total liabilities and equity	\$ 33,376,971	\$ 34,283,495

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,	
	2024	2023	2024	2023
REVENUE:				
Lease income	\$ 741,887	\$ 733,761	\$ 1,493,917	\$ 1,468,809
Other income	<u>94,773</u>	<u>138,193</u>	<u>185,764</u>	<u>228,239</u>
Total revenue	836,660	871,954	1,679,681	1,697,048
OPERATING EXPENSES:				
Property operating	162,138	155,036	323,183	309,958
Depreciation and amortization	158,107	159,329	317,921	323,802
Real estate taxes	61,104	64,939	124,284	128,943
Repairs and maintenance	18,142	17,643	37,634	36,418
Advertising and promotion	21,532	18,804	43,195	39,514
Other	53,630	63,208	108,510	116,516
Total operating expenses	<u>474,653</u>	<u>478,959</u>	<u>954,727</u>	<u>955,151</u>
OPERATING INCOME BEFORE OTHER ITEMS	362,007	392,995	724,954	741,897
Interest expense	(179,359)	(167,498)	(356,110)	(335,706)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	-	1,134	-	1,134
NET INCOME	<u>\$ 182,648</u>	<u>\$ 226,631</u>	<u>\$ 368,844</u>	<u>\$ 407,325</u>
Third-Party Investors' Share of Net Income	<u>\$ 92,849</u>	<u>\$ 114,808</u>	<u>\$ 187,219</u>	<u>\$ 205,067</u>
Our Share of Net Income	89,799	111,823	181,625	202,258
Amortization of Excess Investment (A)	(14,463)	(14,928)	(29,160)	(29,848)
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)	<u>\$ 75,336</u>	<u>\$ 96,441</u>	<u>\$ 152,465</u>	<u>\$ 171,956</u>

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, 2024	December 31, 2023
Assets:		
Investment properties, at cost	\$ 19,140,474	\$ 19,315,578
Less - accumulated depreciation	<u>8,955,109</u>	<u>8,874,745</u>
	10,185,365	10,440,833
Cash and cash equivalents	1,196,158	1,372,377
Tenant receivables and accrued revenue, net	450,435	505,933
Right-of-use assets, net	110,547	126,539
Deferred costs and other assets	<u>570,976</u>	<u>537,943</u>
Total assets	<u>\$ 12,513,481</u>	<u>\$ 12,983,625</u>
Liabilities and Partners' Deficit:		
Mortgages	\$ 14,006,373	\$ 14,282,839
Accounts payable, accrued expenses, intangibles, and deferred revenue	867,192	1,032,217
Lease liabilities	101,039	116,535
Other liabilities	<u>369,833</u>	<u>368,582</u>
Total liabilities	15,344,437	15,800,173
Preferred units	67,450	67,450
Partners' deficit	<u>(2,898,406)</u>	<u>(2,883,998)</u>
Total liabilities and partners' deficit	<u>\$ 12,513,481</u>	<u>\$ 12,983,625</u>
Our Share of:		
Partners' deficit	\$ (1,218,503)	\$ (1,258,809)

Add: Excess Investment (A)	1,118,300	1,173,852
Our net Investment in unconsolidated entities, at equity	<u>\$ (100,203)</u>	<u>\$ (84,957)</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 June 30,		For the Six Months Ended June 30,	
	2024	2023	2024	2023
Consolidated Net Income (D)	\$ 569,435	\$ 557,505	\$ 1,410,591	\$ 1,076,760
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	306,318	316,382	609,990	620,615
Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments	216,257	205,321	421,235	414,651
Loss (gain) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	2,986	4,356	(7,980)	4,356
Net (income) loss attributable to noncontrolling interest holders in properties	(785)	364	685	(398)
Noncontrolling interests portion of depreciation and amortization, gain on consolidation of properties, and loss (gain) on disposal of properties	(5,087)	(5,435)	(10,598)	(10,209)
Preferred distributions and dividends	(1,266)	(1,313)	(2,532)	(2,626)
FFO of the Operating Partnership	<u>\$ 1,087,858</u>	<u>\$ 1,077,180</u>	<u>\$ 2,421,391</u>	<u>\$ 2,103,149</u>
Diluted net income per share to diluted FFO per share reconciliation:				
Diluted net income per share	\$ 1.51	\$ 1.49	\$ 3.76	\$ 2.87
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	1.38	2.72	2.74
Loss (gain) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	0.01	0.01	(0.02)	0.01
Diluted FFO per share	<u>\$ 2.90</u>	<u>\$ 2.88</u>	<u>\$ 6.46</u>	<u>\$ 5.62</u>
Gain on disposal, exchange, or revaluation of equity interests, net of tax	-	(0.07)	(0.83)	(0.07)
Losses from other platform investments, net of tax	0.04	0.02	0.20	0.16
Unrealized (gains) losses in fair value of publicly traded equity instruments and derivative instrument, net	(0.01)	(0.02)	0.01	(0.07)
Real Estate FFO per share	<u>\$ 2.93</u>	<u>\$ 2.81</u>	<u>\$ 5.84</u>	<u>\$ 5.64</u>

Details for per share calculations:

FFO of the Operating Partnership	\$ 1,087,858	\$ 1,077,180	\$ 2,421,391	\$ 2,103,149
Diluted FFO allocable to unitholders	<u>(141,733)</u>	<u>(135,890)</u>	<u>(315,537)</u>	<u>(265,536)</u>
Diluted FFO allocable to common stockholders	<u>\$ 946,125</u>	<u>\$ 941,290</u>	<u>\$ 2,105,854</u>	<u>\$ 1,837,613</u>
Basic and Diluted weighted average shares outstanding	326,039	327,190	325,975	327,073
Weighted average limited partnership units outstanding	48,844	47,233	48,843	47,262
Basic and Diluted weighted average shares and units outstanding	374,883	374,423	374,818	374,335
Basic and Diluted FFO per Share	\$ 2.90	\$ 2.88	\$ 6.46	\$ 5.62
Percent Change	0.7 %		14.9 %	

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, FFO per share and Real Estate 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 \$0.0 million and \$0.1 million for the three months ended June 30, 2024 and 2023, respectively, and \$7.5 million and \$4.6 million for the six months ended June 30, 2024 and 2023, respectively.
- Straight-line adjustments decreased income by (\$4.2) million and (\$4.1) million for the three months ended June 30, 2024 and 2023, respectively, and (\$8.8) million and (\$11.8) million for the six months ended June 30, 2024 and 2023, respectively.
- Amortization of fair market value of leases increased income by \$0.1 million and \$0.1 million for the three months ended June 30, 2024 and 2023, respectively, and \$0.3 million and \$0.2 million for the six months ended June 30, 2024 and 2023, respectively.

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SOURCE Simon

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