

# Simon Property Group Reports Third Quarter 2021 Results; Increases Full Year 2021 Guidance And Raises Quarterly Dividend

November 1, 2021

INDIANAPOLIS, Nov. 1, 2021 /PRNewswire/ -- Simon, a global leader in the ownership of premier shopping, dining, entertainment and mixed-use destinations, today reported results for the quarter ended September 30, 2021.



"We produced impressive third quarter results," said David Simon, Chairman, Chief Executive Officer and President. "Demand for our space from a broad spectrum of tenants is growing. Occupancy gains continued, retailer sales accelerated, including our owned brands, and cash flow increased. Based upon results to date and expectations for the remainder of 2021, we are once again increasing full-year 2021 guidance and raising our quarterly dividend."

## **Results for the Quarter**

- Net income attributable to common stockholders was \$679.9 million, or \$2.07 per diluted share, as compared to \$145.9 million, or \$0.48 per diluted share in 2020. As previously announced, results for the third quarter of 2021 include \$28.6 million, or \$0.08 per diluted share, for a loss on extinguishment of debt related to the optional redemption of certain senior notes of Simon Property Group, L.P. and a non-cash after-tax gain of \$111.9 million, or \$0.30 per diluted share, associated with the contribution of the Company's interests in the Forever 21 and Brooks Brothers intellectual property licensing ventures in exchange for additional ownership interests in Authentic Brands Group.
- Funds From Operations ("FFO") was \$1.176 billion, or \$3.13 per diluted share, as compared to \$723.2 million, or \$2.05 per diluted share, in the prior year period, a 52.7% increase. FFO for the third quarter of 2021 includes the loss on extinguishment of debt and the non-cash gain mentioned above.
- Domestic property net operating income ("NOI") increased 24.5% compared to the prior year period. Portfolio NOI, which includes NOI from domestic properties, international properties and NOI from the Company's investment in Taubman Realty Group, increased 34.3% compared to the prior year period.

## **Results for the Nine Months**

- Net income attributable to common stockholders was \$1.743 billion, or \$5.30 per diluted share, as compared to \$837.7 million, or \$2.74 per diluted share in 2020. Results for the nine months ended 2021 include the loss on extinguishment of debt, and the non-cash contribution gain associated with the licensing ventures recorded in the third quarter, as well as the \$118.4 million, or \$0.32 per diluted share, non-cash gain recorded in the second quarter 2021 from the reversal of a deferred tax liability associated with an international investment.
- FFO was \$3.327 billion, or \$8.85 per diluted share, as compared to \$2.45 billion, or \$6.95 per diluted share, in the prior year period, a 27.3% increase. FFO for the nine months ended 2021 includes the aforementioned loss on extinguishment of debt and the non-cash gains associated with the contribution of licensing ventures and the deferred tax liability reversal.
- Domestic property NOI increased 8.8% compared to the prior year period. Portfolio NOI increased 18.7% compared to the prior year period.

## **U.S. Malls and Premium Outlets Operating Statistics**

- Occupancy was 92.8% at September 30, 2021.
- Base minimum rent per square foot was \$53.91 at September 30, 2021.

## **Development Activity**

The first phase of the transformation of [Northgate Station](#) (Seattle, WA), featuring the National Hockey League's Seattle Kraken corporate offices and the Kraken Community Iceplex, opened in September. This first phase is part of a multi-year development that will evolve Northgate Station into a mixed-use, transit-oriented community.

The redevelopment of [Burlington Mall](#) (Boston, MA) opened during the quarter including an exciting line-up of premier dining and innovative retailers, as well as an outdoor gathering green space, including amenities for seasonal programming and community events.

During the quarter, construction started on [Fukaya-Hanazono Premium Outlets®](#), the tenth Premium Outlet® Center in Japan. The 292,500 square foot upscale outlet located in Fukaya City (Tokyo), is projected to open in October 2022. Simon owns 40% of this project.

On October 15, 2021, [Jeju Premium Outlets](#) (Jeju Island, South Korea) opened with 92,000 square feet of high-quality, name brand stores. Jeju Premium Outlets is the fifth Premium Outlet® Center in South Korea. Simon owns a 50% interest in this center.

## **Capital Markets and Balance Sheet Liquidity**

The Company was active in both the secured and unsecured credit markets through the first nine months of the year.

During the first nine months, the Company closed on 21 non-recourse mortgage loans totaling approximately \$2.6 billion (U.S. dollar equivalent), of which Simon's share is \$1.6 billion. The weighted average interest rate on these loans is 2.97%.

During the quarter, the Company completed a two tranche senior notes offering totaling \$1.25 billion. Combined, the two new issues of senior notes had a weighted average term of 8.2 years and a weighted average coupon rate of 1.87%.

The Company also retired three series of senior notes totaling \$1.65 billion with a combined weighted average coupon rate of 2.57%. A \$28.6 million loss on extinguishment of debt was incurred in the third quarter related to these redemptions.

Subsequent to the end of the quarter, the Company amended and extended its \$3.5 billion unsecured multi-currency revolving credit facility. The facility will initially mature on January 31, 2026 and at our sole option, can be extended for an additional year to January 31, 2027. Based upon the Company's current credit ratings, the interest rate on the new revolver for U.S. Dollar borrowings is SOFR plus 72.5 points, plus a spread adjustment to account for the transition from LIBOR to SOFR.

As of September 30, 2021, Simon had approximately \$8.0 billion of liquidity consisting of \$1.1 billion of cash on hand, including its share of joint venture cash, and \$6.9 billion of available capacity under its revolving credit facilities, net of \$500 million outstanding under its U.S. commercial paper program.

### **Dividends**

The Company paid its third quarter 2021 common stock dividend of \$1.50 per share, in cash, on September 30, 2021, a 15.4% increase year-over-year and 7.1% increase sequentially.

Simon's Board of Directors declared a quarterly common stock dividend of \$1.65 in cash on November 1, 2021, for the fourth quarter of 2021. This is a 26.9% increase year-over-year and a 10.0% increase compared to the third quarter 2021 dividend. The dividend will be payable on December 31, 2021 to shareholders of record on December 10, 2021.

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 December 31, 2021 to shareholders of record on December 17, 2021.

### **2021 Guidance**

The Company currently estimates net income to be within a range of \$6.61 to \$6.71 per diluted share and FFO will be within a range of \$11.55 to \$11.65 per diluted share for the year ending December 31, 2021. The FFO per diluted share range is an increase of \$0.85 per share from the \$10.70 to \$10.80 per diluted share range provided on August 2, 2021.

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 estimated FFO per diluted share:

#### **For the year ending December 31, 2021**

	<u>Low</u>	<u>High</u>
	<u>End</u>	<u>End</u>
Estimated net income attributable to common stockholders per diluted share	\$6.61	\$6.71
Depreciation and amortization including Simon's share of unconsolidated entities	5.47	5.47
Unrealized losses in fair value of equity instruments	0.01	0.01
Gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	<u>(0.54)</u>	<u>(0.54)</u>
Estimated FFO per diluted share	<u>\$11.55</u>	<u>\$11.65</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 Daylight Time, Monday, November 1, 2021. A live webcast of the conference call will be accessible in listen-only mode at [investors.simon.com](https://investors.simon.com). An audio replay of the conference call will be available until November 8, 2021. To access the audio replay, dial 1-844-512-2921 (international 1-412-317-6671) passcode 13722912.

### **Supplemental Materials and Website**

Supplemental information on our third quarter 2021 performance is available at [investors.simon.com](https://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](https://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 Net Operating Income 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 Net Operating

Income 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: uncertainties regarding the impact of the COVID-19 pandemic and governmental restrictions intended to prevent its spread on our business, financial condition, results of operations, cash flow and liquidity and our ability to access the capital markets, satisfy our debt service obligations and make distributions to our stockholders; changes in economic and market conditions that may adversely affect the general retail environment; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; the intensely competitive market environment in the retail industry, including e-commerce; an increase in vacant space at our properties; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; 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; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; general risks related to real estate investments, including the illiquidity of real estate investments; 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; changes in market rates of interest; the transition of LIBOR to an alternative reference rate; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks relating to our joint venture properties, including guarantees of certain joint venture indebtedness; environmental liabilities; natural disasters; the availability of comprehensive insurance coverage; the potential for terrorist activities; security breaches that could compromise our information technology or infrastructure; and the loss of key management personnel. 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 global leader 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 September 30, 2021		For the Nine Months Ended September 30, 2021	
	2021	2020	2021	2020
<b>REVENUE:</b>				
Lease income	\$ 1,207,923	\$ 993,831	\$ 3,511,806	\$ 3,269,572
Management fees and other revenues	27,024	21,345	78,381	71,545
Other income	61,607	45,498	200,465	134,957
<b>Total revenue</b>	<b>1,296,554</b>	<b>1,060,674</b>	<b>3,790,652</b>	<b>3,476,074</b>
<b>EXPENSES:</b>				
Property operating	108,556	91,236	291,248	267,479
Depreciation and amortization	311,381	333,755	942,851	986,157
Real estate taxes	117,094	112,311	347,800	347,075
Repairs and maintenance	21,735	18,971	62,126	57,482
Advertising and promotion	38,635	14,751	87,685	60,967
Home and regional office costs	48,667	39,960	132,365	130,420
General and administrative	6,909	3,016	20,739	17,206
Other	31,253	42,650	84,180	99,527
<b>Total operating expenses</b>	<b>684,230</b>	<b>656,650</b>	<b>1,968,994</b>	<b>1,966,313</b>
<b>OPERATING INCOME BEFORE OTHER ITEMS</b>	<b>612,324</b>	<b>404,024</b>	<b>1,821,658</b>	<b>1,509,761</b>
Interest expense	(199,772)	(201,858)	(602,207)	(586,545)
Loss on extinguishment of debt	(28,593)	-	(31,552)	-
Gain on exchange of equity interests	159,828	-	159,828	-
Income and other tax (expense) benefit	(67,262)	(2,779)	(108,367)	3,065
Income from unconsolidated entities	198,524	61,823	562,138	156,610
Unrealized losses in fair value of equity instruments	(4,944)	(1,279)	(8,121)	(20,125)
Gain (loss) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	108,543	(91,285)	201,600	(98,168)
<b>CONSOLIDATED NET INCOME</b>	<b>778,648</b>	<b>168,646</b>	<b>1,994,977</b>	<b>964,598</b>

Net income attributable to noncontrolling interests	<b>97,878</b>	21,886	<b>249,421</b>	124,351
Preferred dividends	<b>834</b>	834	<b>2,503</b>	2,503

**NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS**

<b>\$ 679,936</b>	<b>\$ 145,926</b>	<b>\$ 1,743,053</b>	<b>\$ 837,744</b>
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**BASIC AND DILUTED EARNINGS PER COMMON SHARE:**

**Net income attributable to common stockholders**

<b>\$ 2.07</b>	\$ 0.48	<b>\$ 5.30</b>	\$ 2.74
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**Simon Property Group, Inc.**  
*Unaudited Consolidated Balance Sheets*  
(Dollars in thousands, except share amounts)

	<u>September 30,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>
<b>ASSETS:</b>		
Investment properties, at cost	<b>\$ 37,984,645</b>	\$ 38,050,196
Less - accumulated depreciation	<b>15,410,030</b>	14,891,937
	<b>22,574,615</b>	23,158,259
Cash and cash equivalents	<b>438,423</b>	1,011,613
Tenant receivables and accrued revenue, net	<b>935,053</b>	1,236,734
Investment in TRG, at equity	<b>3,396,169</b>	3,451,897
Investment in Klépierre, at equity	<b>1,672,858</b>	1,729,690
Investment in other unconsolidated entities, at equity	<b>2,972,049</b>	2,603,571
Right-of-use assets, net	<b>506,236</b>	512,914
Investments held in trust - special purpose acquisition company	<b>345,000</b>	-
Deferred costs and other assets	<b>1,105,736</b>	1,082,168
<b>Total assets</b>	<b>\$ 33,946,139</b>	<b>\$ 34,786,846</b>
<b>LIABILITIES:</b>		
Mortgages and unsecured indebtedness	<b>\$ 25,584,372</b>	\$ 26,723,361
Accounts payable, accrued expenses, intangibles, and deferred revenues	<b>1,324,603</b>	1,311,925
Cash distributions and losses in unconsolidated entities, at equity	<b>1,573,563</b>	1,577,393
Dividend payable	<b>1,452</b>	486,922
Lease liabilities	<b>509,071</b>	515,492
Other liabilities	<b>525,361</b>	513,515
<b>Total liabilities</b>	<b>29,518,422</b>	31,128,608
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests	<b>553,025</b>	185,892
<b>EQUITY:</b>		
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	<b>41,845</b>	42,091
Common stock, \$0.0001 par value, 511,990,000 shares authorized, 342,907,608 and 342,849,037 issued and outstanding, respectively	<b>34</b>	34
Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	<b>11,201,333</b>	11,179,688
Accumulated deficit	<b>(5,789,329)</b>	(6,102,314)
Accumulated other comprehensive loss	<b>(191,274)</b>	(188,675)
Common stock held in treasury, at cost, 14,296,445 and 14,355,621 shares, respectively	<b>(1,884,511)</b>	(1,891,352)
Total stockholders' equity	<b>3,378,098</b>	3,039,472
Noncontrolling interests	<b>496,594</b>	432,874
<b>Total equity</b>	<b>3,874,692</b>	3,472,346
<b>Total liabilities and equity</b>	<b>\$ 33,946,139</b>	<b>\$ 34,786,846</b>

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

	For the Three Months Ended		For the Nine Months Ended	
	September 30,		September 30,	
	2021	2020	2021	2020
<b>REVENUE:</b>				
Lease income	\$ 719,723	\$ 601,522	\$ 2,053,826	\$ 1,919,618
Other income	67,630	94,630	204,923	215,349
Total revenue	<u>787,353</u>	696,152	<u>2,258,749</u>	2,134,967
<b>OPERATING EXPENSES:</b>				
Property operating	151,008	129,024	420,174	383,363
Depreciation and amortization	170,568	175,716	512,165	512,705
Real estate taxes	66,221	68,464	203,242	197,487
Repairs and maintenance	18,274	16,457	53,625	49,661
Advertising and promotion	18,238	9,901	52,479	42,669
Other	43,400	41,857	113,042	107,822
Total operating expenses	<u>467,709</u>	441,419	<u>1,354,727</u>	1,293,707
<b>OPERATING INCOME BEFORE OTHER ITEMS</b>	<b>319,644</b>	254,733	<b>904,022</b>	841,260
Interest expense	(154,501)	(154,579)	(453,145)	(463,629)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	-	-	33,371	-
<b>NET INCOME</b>	<u><u>\$ 165,143</u></u>	<u>\$ 100,154</u>	<u><u>\$ 484,248</u></u>	<u>\$ 377,631</u>
<b>Third-Party Investors' Share of Net Income</b>	<u><u>\$ 82,639</u></u>	<u>\$ 46,785</u>	<u><u>\$ 243,525</u></u>	<u>\$ 193,633</u>
<b>Our Share of Net Income</b>	<b>82,504</b>	53,369	<b>240,723</b>	183,998
<b>Amortization of Excess Investment (A)</b>	<b>(15,199)</b>	(20,543)	<b>(49,794)</b>	(62,144)
<b>Our Share of Gain on Sale or Disposal of Assets and Interests in Other Income in the Consolidated Financial Statements</b>	-	-	<b>(14,941)</b>	-
<b>Income from Unconsolidated Entities (B)</b>	<u><u>\$ 67,305</u></u>	<u>\$ 32,826</u>	<u><u>\$ 175,988</u></u>	<u>\$ 121,854</u>

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)

	September 30,	December 31,
	2021	2020
<b>Assets:</b>		
Investment properties, at cost	\$ 19,867,502	\$ 20,079,476
Less - accumulated depreciation	<u>8,287,531</u>	<u>8,003,863</u>
	11,579,971	12,075,613
Cash and cash equivalents	1,368,859	1,169,422
Tenant receivables and accrued revenue, net	567,034	749,231
Right-of-use assets, net	161,758	185,598
Deferred costs and other assets	<u>415,768</u>	<u>380,087</u>
Total assets	<u><u>\$ 14,093,390</u></u>	<u>\$ 14,559,951</u>
<b>Liabilities and Partners' Deficit:</b>		
Mortgages	\$ 15,311,572	\$ 15,569,485
Accounts payable, accrued expenses, intangibles, and deferred revenue	854,603	969,242
Lease liabilities	165,334	188,863
Other liabilities	<u>405,134</u>	<u>426,321</u>
Total liabilities	<u>16,736,643</u>	17,153,911
Preferred units	67,450	67,450

Partners' deficit	<u>(2,710,703)</u>	(2,661,410)
Total liabilities and partners' deficit	<u>\$ 14,093,390</u>	<u>\$ 14,559,951</u>

**Our Share of:**

Partners' deficit	<u>\$ (1,161,814)</u>	\$ (1,130,713)
Add: Excess Investment (A)	<u>1,300,242</u>	1,399,757
Our net Investment in unconsolidated entities, at equity	<u>\$ 138,428</u>	<u>\$ 269,044</u>

Note: The above financial presentation does not include any information related to our investments in Klépierre and TRG. 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 Nine Months Ended	
	September 30, <u>2021</u>	September 30, <u>2020</u>	September 30, <u>2021</u>	September 30, <u>2020</u>
<b>Consolidated Net Income (D)</b>	\$ 778,648	\$ 168,646	\$ 1,994,977	\$ 964,598
<b>Adjustments to Arrive at FFO:</b>				
Depreciation and amortization from consolidated properties	309,199	331,252	936,346	978,998
Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments	202,519	136,471	609,271	402,488
(Gain) loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(108,543)	91,285	(201,600)	98,168
Unrealized losses in fair value of equity instruments (E)	-	1,279	3,177	20,125
Net loss attributable to noncontrolling interest holders in properties	405	753	2,875	4,551
Noncontrolling interests portion of depreciation and amortization and gain on consolidation of properties	(5,005)	(5,154)	(14,354)	(14,665)
Preferred distributions and dividends	(1,313)	(1,313)	(3,939)	(3,939)
<b>FFO of the Operating Partnership</b>	<u>\$ 1,175,910</u>	<u>\$ 723,219</u>	<u>\$ 3,326,753</u>	<u>\$ 2,450,324</u>

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

	\$	\$	\$	\$
<b>Diluted net income per share</b>	2.07	0.48	5.30	2.74
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	1.35	1.30	4.08	3.87
(Gain) loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(0.29)	0.26	(0.54)	0.28
Unrealized losses in fair value of equity instruments (E)	-	0.01	0.01	0.06
<b>Diluted FFO per share</b>	<u>\$ 3.13</u>	<u>\$ 2.05</u>	<u>\$ 8.85</u>	<u>\$ 6.95</u>

Details for per share calculations:

	\$	\$	\$	\$
FFO of the Operating Partnership	1,175,910	723,219	3,326,753	2,450,324
Diluted FFO allocable to unitholders	<u>(147,864)</u>	<u>(95,426)</u>	<u>(418,548)</u>	<u>(323,591)</u>
Diluted FFO allocable to common stockholders	<u>\$ 1,028,046</u>	<u>\$ 627,793</u>	<u>\$ 2,908,205</u>	<u>\$ 2,126,733</u>
Basic and Diluted weighted average shares outstanding	328,619	305,913	328,576	306,099
Weighted average limited partnership units outstanding	47,263	46,507	47,289	46,574
Basic and Diluted weighted average shares and units outstanding	<u>375,882</u>	<u>352,420</u>	<u>375,865</u>	<u>352,673</u>

Basic and Diluted FFO per Share	\$	3.13	\$	2.05	\$	8.85	\$	6.95
Percent Change		52.7%				27.3%		

**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 and TRG. Amounts included in Footnote D below exclude our share of related activity for our investments in Klépierre and TRG. 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 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:

Gains on land sales of \$4.8 million and \$1.8 million for the three months ended September 30, 2021 and 2020, respectively, and \$6.4 million and \$8.1 million for the nine months ended September 30, 2021 and 2020, respectively.

Straight-line adjustments decreased income by (\$5.7) million and (\$13.7) million for the three months ended September 30, 2021 and 2020, respectively, and (\$20.7) million and (\$4.3) million for the nine months ended September 30, 2021 and 2020, respectively.

Amortization of fair market value of leases from acquisitions (decreased) increased income by (\$0.2) million and \$1.1 million for the three months ended September 30, 2021 and 2020, respectively, and (\$0.6) million and \$3.5 million for the nine months ended September 30, 2021 and 2020, respectively.

- (E) Amount of unrealized gain/loss in FFO reconciliation relates to retail real estate investments with readily determinable fair values.

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SOURCE Simon

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