



## Simon Property Group Reports Second Quarter 2020 Results

August 10, 2020

INDIANAPOLIS, Aug. 10, 2020 /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, 2020.



"We continue to navigate through the challenging times presented by the pandemic with a commitment to the safety of our employees, shoppers, retailers and the communities we serve," said David Simon, Chairman, Chief Executive Officer and President. "Despite losing nearly 10,500 shopping days in our U.S. portfolio in the second quarter, we produced solid profitability and positive cash flow from operations. We have generally been encouraged by the shopper response, particularly in certain locations, after re-opening. These trends reinforce that our portfolio is an attractive destination for consumers. We remain committed to supporting our thousands of local and regional small businesses and restaurant entrepreneurs by granting rent abatements for the period they were closed. Our Company is well-positioned through a combination of deep brand relationships, the best portfolio with a strong mix of geographic locations and product types and a strong balance sheet, to continue our leadership position in the retail real estate industry."

### **Results for the Quarter**

- Net income attributable to common stockholders was \$254.2 million, or \$0.83 per diluted share, as compared to \$495.3 million, or \$1.60 per diluted share in 2019.
- Funds From Operations ("FFO") was \$746.5 million, or \$2.12 per diluted share, as compared to \$1.064 billion, or \$2.99 per diluted share, in the prior year period. The Company's domestic and international operations were negatively impacted by approximately \$1.13 per diluted share primarily due to reduced lease income and ancillary property revenues as a result of the COVID-19 pandemic, partially offset by approximately \$0.36 per diluted share from cost reduction initiatives.
- Comparable property Net Operating Income ("NOI") for the three months ended June 30, 2020 declined 18.5% and portfolio NOI declined 21.0%.

### **Results for the Six Months**

- Net income attributable to common stockholders was \$691.8 million, or \$2.26 per diluted share, as compared to \$1.044 billion, or \$3.38 per diluted share in 2019. Results for the six months ended 2019 included a combined \$83.6 million, or \$0.24 per diluted share, of proceeds from an insurance settlement and a gain on the sale of our interest in a multi-family residential property.
- FFO was \$1.727 billion, or \$4.90 per diluted share, as compared to \$2.146 billion, or \$6.04 per diluted share, in the prior year period. FFO for the six months ended June 30, 2020 declined \$0.79 per diluted share due to \$0.02 per diluted share in the first quarter and \$0.77 per diluted share negative impact in the second quarter to the Company's domestic and international operations as a result of the COVID-19 pandemic. The six months ended 2019 also included the \$0.24 per diluted share noted above.
- Comparable property NOI for the six months ended June 30, 2020 declined 9.3% and portfolio NOI declined 10.7%.

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

- Occupancy was 92.9% at June 30, 2020.

- Base minimum rent per square foot was \$56.02 at June 30, 2020, an increase of 2.8% year-over-year.
- Leasing spread per square foot for the trailing 12 months ended June 30, 2020 was flat.

### **COVID-19 Business Update**

On March 18, 2020, after extensive discussions with federal, state and local officials and in recognition of the need to address the spread of COVID-19, the Company closed all of its retail properties in the United States. Our properties reopened, when permitted to do so under applicable governmental orders, beginning May 1. All of the Company's retail properties were reopened as of July 10. Seven retail properties in California were subsequently closed on July 15, and remain closed, due to a new restrictive governmental order. The Company's retail properties were closed, in aggregate, for approximately 10,500 shopping days during the second quarter.

As of August 7, 91% of the tenants across the Company's U.S. retail properties were open and operating. More than half of the remaining unopened tenants are closed because of restrictive governmental orders limiting or prohibiting their operations.

The Company has collected from its U.S. retail portfolio, including some level of rent deferrals, approximately 51% of its contractual rent billed for April and May combined, approximately 69% for June and approximately 73% for July with only de minimis deferrals. These percentages have not been adjusted for any rent abatements granted.

### **Development Activity**

On June 19, 2020, Siam Premium Outlets Bangkok (Bangkok, Thailand) opened with 264,000 square feet of high-quality, name brand stores. Siam Premium Outlets Bangkok is the first Premium Outlet® Center in Thailand. Simon owns a 50% interest in this center.

During the quarter, the 178,000 square-foot phase IV expansion of Gotemba Premium Outlets (Gotemba City, (Tokyo) Japan) opened adding enhanced amenities, elevated food offerings and more than 80 new, exciting brands, including many opening their first outlet store in Japan. Simon owns 40% of this center.

Construction continues on certain redevelopment and new development projects in the U.S. and internationally that are nearing completion. Simon's share of the remaining required cash funding for these projects, that are currently scheduled to be completed in 2020 or 2021, is approximately \$140 million.

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

As of June 30, 2020, Simon had approximately \$8.5 billion of liquidity consisting of \$3.6 billion of cash on hand, including its share of joint venture cash, and \$4.9 billion of available capacity under its revolving credit facilities and term loan, net of \$702 million outstanding under its U.S. commercial paper program.

Subsequent to the end of the quarter, the Company completed a three tranche senior notes offering totaling \$2.0 billion. Two tranches totaling \$1.5 billion were new issues of senior notes with a weighted average term of 20 years and a weighted average coupon rate of 3.23%. The third tranche of \$500 million was issued as additional notes under an indenture pursuant to which Simon Property Group, L.P. previously issued 3.50% notes due September 2025.

In July, the Company used a combination of proceeds from the offering and cash on hand to repay \$2.5 billion outstanding under its Credit Facilities.

### **Dividends**

The Company paid its second quarter 2020 common stock dividend of \$1.30 per share, in cash, on July 24, 2020. Simon's Board of Directors will declare a common stock dividend for the third quarter on or before September 30, 2020. The Company expects to pay at least \$6.00 per share in common stock dividends for 2020, in cash, subject to the Board of Directors' approval.

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, 2020 to shareholders of record on September 16, 2020.

### **Conference Call**

Simon will hold a conference call to discuss the quarterly financial results today at 5:00 p.m. Eastern Time, Monday, August 10, 2020. 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 August 17, 2020. To access the audio replay, dial 1-855-859-2056 (international 404-537-3406) passcode 2558073.

### **Supplemental Materials and Website**

Supplemental information on our second quarter 2020 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, comparable property Net Operating Income growth 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 comparable property 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 tenants' businesses, 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; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; changes in economic and market conditions that may adversely affect the general retail environment; the intensely competitive market environment in the retail industry; changes to applicable laws or regulations or the interpretation thereof; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; the potential loss of anchor stores or major tenants; decreases in market rental rates; the impact of our substantial indebtedness on our future operations; 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 and foreign exchange rates for foreign currencies; general risks related to real estate investments, including the illiquidity of real estate investments; security breaches that could compromise our information technology or infrastructure; risks relating to our joint venture properties; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; changes in insurance costs; the availability of comprehensive insurance coverage; natural disasters; the potential for terrorist activities; environmental liabilities; the loss of key management personnel; and the transition of LIBOR to an alternative reference rate. 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<br>Ended June 30, |                   | For the Six Months<br>Ended June 30, |                     |
|---|--|-------------------|--------------------------------------|---------------------|
|   | 2020                                   | 2019              | 2020                                 | 2019                |
| <b>REVENUE:</b>   |  |                   |                                      |                     |
| Lease income  | \$ 1,013,510                           | \$ 1,298,567      | \$ 2,275,742                         | \$ 2,578,623        |
| Management fees and other revenues  | 21,035                                 | 28,248            | 50,201                               | 55,792              |
| Other income  | 27,496                                 | 70,371            | 89,458                               | 215,604             |
| <b>Total revenue</b>  | <b>1,062,041</b>                       | <b>1,397,186</b>  | <b>2,415,401</b>                     | <b>2,850,019</b>    |
| <b>EXPENSES:</b>  |  |                   |                                      |                     |
| Property operating  | 70,620                                 | 106,119           | 176,243                              | 217,669             |
| Depreciation and amortization   | 324,140                                | 352,606           | 652,402                              | 681,249             |
| Real estate taxes   | 117,221                                | 115,914           | 234,764                              | 231,372             |
| Repairs and maintenance   | 14,080                                 | 21,850            | 38,511                               | 49,772              |
| Advertising and promotion   | 12,689                                 | 35,420            | 46,216                               | 72,545              |
| Home and regional office costs  | 36,090                                 | 46,467            | 90,460                               | 99,027              |
| General and administrative  | 7,296                                  | 10,359            | 14,190                               | 19,496              |
| Other   | 29,037                                 | 27,820            | 56,878                               | 53,236              |
| <b>Total operating expenses</b>   | <b>611,173</b>                         | <b>716,555</b>    | <b>1,309,664</b>                     | <b>1,424,366</b>    |
| <b>OPERATING INCOME BEFORE OTHER ITEMS</b>  | <b>450,868</b>                         | <b>680,631</b>    | <b>1,105,737</b>                     | <b>1,425,653</b>    |
| Interest expense  | (197,061)                              | (198,425)         | (384,688)                            | (397,160)           |
| Income and other tax benefit (expense)  | 62                                     | (7,010)           | 5,845                                | (17,112)            |
| Income from unconsolidated entities   | 44,322                                 | 106,542           | 94,787                               | 196,986             |
| Unrealized gains (losses) in fair value of equity instruments   | 202                                    | (12,317)          | (18,846)                             | (7,000)             |
| (Loss) gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (7,845)                                | 2,681             | (6,883)                              | 2,681               |
| <b>CONSOLIDATED NET INCOME</b>  | <b>290,548</b>                         | <b>572,102</b>    | <b>795,952</b>                       | <b>1,204,048</b>    |
| Net income attributable to noncontrolling interests   | 35,501                                 | 75,944            | 102,465                              | 158,580             |
| Preferred dividends   | 834                                    | 834               | 1,669                                | 1,669               |
| <b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>   | <b>\$ 254,213</b>                      | <b>\$ 495,324</b> | <b>\$ 691,818</b>                    | <b>\$ 1,043,799</b> |
| <b>BASIC AND DILUTED EARNINGS PER COMMON SHARE:</b>   |  |                   |                                      |                     |
| <b>Net income attributable to common stockholders</b>   | <b>\$ 0.83</b>                         | <b>\$ 1.60</b>    | <b>\$ 2.26</b>                       | <b>\$ 3.38</b>      |

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

|  | June 30,<br>2020     | December 31,<br>2019 |
|--|----------------------|----------------------|
| <b>ASSETS:</b>   |                      |                      |
| Investment properties, at cost   | \$ 37,972,093        | \$ 37,804,495        |
| Less - accumulated depreciation  | 14,389,809           | 13,905,776           |
|  | 23,582,284           | 23,898,719           |
| Cash and cash equivalents  | 3,306,100            | 669,373              |
| Tenant receivables and accrued revenue, net  | 1,457,695            | 832,151              |
| Investment in unconsolidated entities, at equity   | 2,385,946            | 2,371,053            |
| Investment in Klépierre, at equity   | 1,644,020            | 1,731,649            |
| Right-of-use assets, net   | 517,061              | 514,660              |
| Deferred costs and other assets  | 1,133,064            | 1,214,025            |
| <b>Total assets</b>  | <b>\$ 34,026,170</b> | <b>\$ 31,231,630</b> |
| <b>LIABILITIES:</b>  |                      |                      |
| Mortgages and unsecured indebtedness   | \$ 27,268,883        | \$ 24,163,230        |
| Accounts payable, accrued expenses, intangibles, and deferred revenues   | 1,216,831            | 1,390,682            |
| Cash distributions and losses in unconsolidated entities, at equity  | 1,576,679            | 1,566,294            |
| Dividend payable   | 458,150              | -                    |
| Lease liabilities  | 519,416              | 516,809              |
| Other liabilities  | 463,380              | 464,304              |
| <b>Total liabilities</b>   | <b>31,503,339</b>    | <b>28,101,319</b>    |
| Commitments and contingencies  |                      |                      |
| Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties  | 187,392              | 219,061              |
| <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                | 42,256               | 42,420               |
| Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 320,555,104 and 320,435,256 issued and outstanding, respectively                                     | 32                   | 32                   |
| Class B common stock, \$ 0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding  | -                    | -                    |
| Capital in excess of par value   | 9,763,059            | 9,756,073            |
| Accumulated deficit  | (5,703,183)          | (5,379,952)          |
| Accumulated other comprehensive loss   | (155,126)            | (118,604)            |
| Common stock held in treasury, at cost, 14,667,884 and 13,574,296 shares, respectively   | (1,917,698)          | (1,773,571)          |
| Total stockholders' equity   | 2,029,340            | 2,526,398            |
| Noncontrolling interests   | 306,099              | 384,852              |
| <b>Total equity</b>  | <b>2,335,439</b>     | <b>2,911,250</b>     |
| <b>Total liabilities and equity</b>  | <b>\$ 34,026,170</b> | <b>\$ 31,231,630</b> |

**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, |              |
|-------------------------------|-------------------------------------|------------|-----------------------------------|--------------|
|                               | 2020                                | 2019       | 2020                              | 2019         |
| <b>REVENUE:</b>               |                                     |            |                                   |              |
| Lease income                  | \$ 574,246                          | \$ 760,131 | \$ 1,318,096                      | \$ 1,519,110 |
| Other income                  | 46,205                              | 79,389     | 120,718                           | 155,311      |
| Total revenue                 | 620,451                             | 839,520    | 1,438,814                         | 1,674,421    |
| <b>OPERATING EXPENSES:</b>    |                                     |            |                                   |              |
| Property operating            | 107,309                             | 140,262    | 254,339                           | 284,983      |
| Depreciation and amortization | 165,511                             | 170,407    | 336,989                           | 340,664      |
| Real estate taxes             | 60,634                              | 67,809     | 129,023                           | 136,526      |

|  |                  |                   |                   |                   |
|--|------------------|-------------------|-------------------|-------------------|
| Repairs and maintenance  | 13,589           | 18,832            | 33,204            | 41,209            |
| Advertising and promotion  | 10,016           | 19,695            | 32,768            | 44,021            |
| Other  | 15,734           | 47,743            | 65,964            | 97,058            |
| Total operating expenses   | 372,793          | 464,748           | 852,287           | 944,461           |
| <b>OPERATING INCOME BEFORE OTHER ITEMS</b>                                       | <b>247,658</b>   | <b>374,772</b>    | <b>586,527</b>    | <b>729,960</b>    |
| Interest expense   | (152,409)        | (157,927)         | (309,050)         | (313,944)         |
| Gain on sale or disposal of assets and interests in unconsolidated entities, net | -                | -                 | -                 | 21,587            |
| <b>NET INCOME</b>  | <b>\$ 95,249</b> | <b>\$ 216,845</b> | <b>\$ 277,477</b> | <b>\$ 437,603</b> |
| <b>Third-Party Investors' Share of Net Income</b>                                | <b>\$ 53,989</b> | <b>\$ 110,620</b> | <b>\$ 146,848</b> | <b>\$ 223,287</b> |
| <b>Our Share of Net Income</b>   | <b>41,260</b>    | <b>106,225</b>    | <b>130,629</b>    | <b>214,316</b>    |
| <b>Amortization of Excess Investment (A)</b>                                     | <b>(20,761)</b>  | <b>(20,774)</b>   | <b>(41,601)</b>   | <b>(41,567)</b>   |
| <b>Our Share of Gain on Sale or Disposal of Assets and Interests in</b>          |                  |                   |                   |                   |
| <b>Other Income in the Consolidated Financial Statements</b>                     | -                | -                 | -                 | (9,155)           |
| <b>Income from Unconsolidated Entities (B)</b>                                   | <b>\$ 20,499</b> | <b>\$ 85,451</b>  | <b>\$ 89,028</b>  | <b>\$ 163,594</b> |

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

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

|   | June 30,<br>2020     | December 31,<br>2019 |
|---|----------------------|----------------------|
| <b>Assets:</b>  |                      |                      |
| Investment properties, at cost  | \$ 19,670,435        | \$ 19,525,665        |
| Less - accumulated depreciation                                       | 7,641,911            | 7,407,627            |
|   | <u>12,028,524</u>    | 12,118,038           |
| Cash and cash equivalents   | 733,224              | 1,015,864            |
| Tenant receivables and accrued revenue, net                           | 756,871              | 510,157              |
| Right-of-use assets, net  | 180,952              | 185,302              |
| Deferred costs and other assets                                       | 368,254              | 384,663              |
| Total assets  | <u>\$ 14,067,825</u> | <u>\$ 14,214,024</u> |
| <b>Liabilities and Partners' Deficit:</b>                             |                      |                      |
| Mortgages   | \$ 15,436,464        | \$ 15,391,781        |
| Accounts payable, accrued expenses, intangibles, and deferred revenue | 808,425              | 977,112              |
| Lease liabilities   | 183,406              | 186,594              |
| Other liabilities   | 395,429              | 338,412              |
| Total liabilities   | <u>16,823,724</u>    | 16,893,899           |
| Preferred units   | 67,450               | 67,450               |
| Partners' deficit   | (2,823,349)          | (2,747,325)          |
| Total liabilities and partners' deficit                               | <u>\$ 14,067,825</u> | <u>\$ 14,214,024</u> |
| <b>Our Share of:</b>  |                      |                      |
| Partners' deficit   | \$ (1,233,667)       | \$ (1,196,926)       |
| Add: Excess Investment (A)  | 1,488,444            | 1,525,903            |
| Our net Investment in unconsolidated entities, at equity              | <u>\$ 254,777</u>    | <u>\$ 328,977</u>    |

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

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

**Reconciliation of Consolidated Net Income to FFO**

|   | For the Three Months Ended<br>June 30, |                     | For the Six Months Ended<br>June 30, |                     |
|---|--|---------------------|--------------------------------------|---------------------|
|   | 2020                                   | 2019                | 2020                                 | 2019                |
| <b>Consolidated Net Income (D)</b>  | <b>\$ 290,548</b>                      | <b>\$ 572,102</b>   | <b>\$ 795,952</b>                    | <b>\$ 1,204,048</b> |
| <b>Adjustments to Arrive at FFO:</b>  |  |                     |                                      |                     |
| Depreciation and amortization from consolidated properties  | 321,707                                | 350,045             | 647,745                              | 675,983             |
| Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS                    | 129,309                                | 139,271             | 266,017                              | 273,902             |
| Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | 7,845                                  | (2,681)             | 6,883                                | (2,681)             |
| Unrealized (gains) losses in fair value of equity instruments   | (202)                                  | 12,317              | 18,846                               | 7,000               |
| Net loss (gain) attributable to noncontrolling interest holders in properties   | 3,628                                  | (400)               | 3,799                                | 518                 |
| Noncontrolling interests portion of depreciation and amortization   | (5,048)                                | (4,935)             | (9,511)                              | (9,818)             |
| Preferred distributions and dividends   | (1,313)                                | (1,313)             | (2,626)                              | (2,626)             |
| <b>FFO of the Operating Partnership</b>   | <b>\$ 746,474</b>                      | <b>\$ 1,064,406</b> | <b>\$ 1,727,105</b>                  | <b>\$ 2,146,326</b> |

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

|   |                |                |                |                |
|---|----------------|----------------|----------------|----------------|
| <b>Diluted net income per share</b>   | <b>\$ 0.83</b> | <b>\$ 1.60</b> | <b>\$ 2.26</b> | <b>\$ 3.38</b> |
| Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS, net of noncontrolling interests portion of depreciation and amortization | 1.27           | 1.37           | 2.57           | 2.65           |
| Loss (gain) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net   | 0.02           | (0.01)         | 0.02           | (0.01)         |
| Unrealized (gains) losses in fair value of equity instruments   | -              | 0.03           | 0.05           | 0.02           |
| <b>Diluted FFO per share</b>  | <b>\$ 2.12</b> | <b>\$ 2.99</b> | <b>\$ 4.90</b> | <b>\$ 6.04</b> |

Details for per share calculations:

|   |            |              |              |              |
|---|------------|--------------|--------------|--------------|
| FFO of the Operating Partnership                                | \$ 746,474 | \$ 1,064,406 | \$ 1,727,105 | \$ 2,146,326 |
| Diluted FFO allocable to unitholders                            | (98,537)   | (140,077)    | (228,166)    | (282,396)    |
| Diluted FFO allocable to common stockholders                    | \$ 647,937 | \$ 924,329   | \$ 1,498,939 | \$ 1,863,930 |
| Basic and Diluted weighted average shares outstanding           | 305,882    | 308,709      | 306,193      | 308,843      |
| Weighted average limited partnership units outstanding          | 46,528     | 46,783       | 46,608       | 46,791       |
| Basic and Diluted weighted average shares and units outstanding | 352,410    | 355,492      | 352,801      | 355,634      |
| Basic and Diluted FFO per Share                                 | \$ 2.12    | \$ 2.99      | \$ 4.90      | \$ 6.04      |
| <i>Percent Change</i>   | -29.1%     |              | -18.9%       |              |

**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 and HBS Global Properties. Amounts included in Footnote D below exclude our share of related activity for our investments in Klépierre and HBS Global Properties. 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 \$1.1 million and \$7.2 million for the three months ended June 30, 2020 and 2019, respectively, and \$6.3 million and \$11.6 million for the six months ended June 30, 2020 and 2019, respectively.
- Straight-line adjustments (decreased) increased income by (\$2.6) million and \$27.2 million for the three months ended June 30, 2020 and 2019, respectively, and \$9.4 million and \$43.8 million for the six months ended June 30, 2020 and 2019, respectively.
- Amortization of fair market value of leases from acquisitions increased income by \$1.1 million and \$1.4 million for the three months ended June 30, 2020 and 2019, respectively, and \$2.4 million and \$2.7 million for the six months ended June 30, 2020 and 2019, respectively.

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Tom Ward, 317-685-7330, Investors; Ali Slocum, 317-264-3079, Media