



## Simon Property Group Reports Fourth Quarter And Full Year 2019 Results

February 4, 2020

INDIANAPOLIS, Feb. 4, 2020 /PRNewswire/ -- Simon, a global leader in premier shopping, dining, entertainment and mixed-use destinations, today reported results for the quarter and twelve months ended December 31, 2019.



### Results for the Year<sup>1</sup>

- Net income attributable to common stockholders was \$2.098 billion, or \$6.81 per diluted share, as compared to \$2.437 billion, or \$7.87 per diluted share in 2018. Results for 2019 include \$116.3 million, or \$0.33 per diluted share, for a loss on extinguishment of debt related to the redemption of certain senior notes of Simon Property Group, L.P. The prior year period also included net gains of \$324.4 million, or \$0.91 per diluted share, primarily related to disposition activity.
- Funds from Operations ("FFO") was \$4.272 billion, or \$12.04 per diluted share, as compared to \$4.325 billion, or \$12.13 per diluted share, in the prior year period. The 2019 results included the \$0.33 per diluted share loss on the extinguishment of debt. FFO per diluted share, before this \$0.33 debt charge, was \$12.37, at the high end of the Company's original guidance range for 2019.
- Growth in Comparable FFO per diluted share for the twelve months ended December 31, 2019 was 4.4%.

### Results for the Quarter<sup>1</sup>

- Net income attributable to common stockholders was \$510.2 million, or \$1.66 per diluted share, as compared to \$712.8 million, or \$2.30 per diluted share in 2018. Results for the fourth quarter of 2019 include the aforementioned loss on extinguishment of debt of \$0.33 per diluted share. The prior year period included gains of \$143.9 million, or \$0.40 per diluted share.
- FFO was \$1.045 billion, or \$2.96 per diluted share, as compared to \$1.151 billion, or \$3.23 per diluted share, in the prior year period. The fourth quarter 2019 results included the \$0.33 per diluted share loss on the extinguishment of debt. Comparable FFO per diluted share was \$3.29 in the fourth quarter 2019 compared to \$3.20 in the prior year period, growth of 2.8%.

"I am pleased with our fourth quarter results, concluding another successful and productive year for our company," said David Simon, Chairman, Chief Executive Officer and President. "In 2019, we opened one new shopping destination; delivered six international expansions; completed four redevelopments of former department stores and started construction on nine additional projects; and made several strategic investments in companies focused on enhancing our consumer experience. During 2019, we returned approximately \$3.3 billion to shareholders, including approximately \$3.0 billion in dividends paid. We continue to strengthen our portfolio through our innovative and disciplined investment activities that will allow us to continue to deliver long-term cash flow, FFO and dividends per share growth."

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

- Reported retailer sales per square foot was \$693, an increase of 4.8%, for the trailing 12 months ended December 31, 2019.
- Occupancy was 95.1% at December 31, 2019.
- Base minimum rent per square foot was \$54.59 at December 31, 2019.
- Leasing spread per square foot for the trailing 12 months ended December 31, 2019 was \$7.83, an increase of 14.4%.

### Comparable Property Net Operating Income ("NOI") and Portfolio NOI

Comparable property NOI growth for the full year 2019, including international comparable properties on a constant currency basis, was 1.7%. Comparable property NOI growth for North American properties was 1.4%. Total portfolio NOI growth for the full year 2019 was 1.7%. Total portfolio NOI includes NOI from comparable properties, new developments, redevelopments, expansions, acquisitions and our share of NOI from investments.

### Dividends

During 2019, the Company paid \$8.30 per share in dividends, an increase of 5.1% compared to the prior year. Today, Simon's Board of Directors declared a common stock dividend of \$2.10 per share for the first quarter of 2020. This is a 2.4% increase year-over-year. The dividend will be payable on February 28, 2020 to shareholders of record on February 14, 2020. The Company has paid more than \$31 billion of dividends since its initial public offering.

Simon's Board of Directors also declared the quarterly dividend on its 8 3/8% Series J Cumulative Redeemable Preferred Stock (NYSE: SPGPJ) of \$1.046875 per share, payable on March 31, 2020 to shareholders of record on March 17, 2020.

### Development Activity

Construction continues on five new outlet development projects: one in the U.S. and four internationally. Three projects are scheduled to open in 2020, including Malaga Designer Outlet (Malaga, Spain), Siam Premium Outlets Bangkok (Bangkok, Thailand) and West Midlands Designer Outlet (Cannock, England) and two are scheduled to open in 2021, including Tulsa Premium Outlets (Jenks (Tulsa, Oklahoma) and Paris-Giverny Designer Outlet (Vernon (Normandy), France).

There are currently 15 redevelopment projects of former department store spaces under construction that will add compelling retail, entertainment and mixed-uses to centers such as Burlington Mall (Burlington (Boston), MA), Phipps Plaza (Atlanta, GA) and Northgate (Seattle, WA).

Construction also continues on other significant redevelopment and expansion projects including The Shops at Riverside (Hackensack, NJ), Sawgrass Mills (Miami, FL), Gotemba Premium Outlets (Gotemba, Japan) and Rinku Premium Outlets (Izumisano (Osaka), Japan).

At quarter-end, redevelopment and expansion projects, including the redevelopment of former department store spaces, were underway at more than 30 properties in the U.S., Asia and Europe. Simon's share of the costs of all new development and redevelopment projects under construction at quarter-end was approximately \$1.8 billion.

#### **Balance Sheet Activity**

The Company was active in the debt markets in 2019, continuing to lower our effective borrowing costs and extend our maturity profile.

During the year, the Company completed a three tranche senior notes offering totaling \$3.5 billion with a weighted average coupon rate of 2.61% and weighted average term of 15.9 years.

The Company also retired all, or a portion of, four series of senior notes totaling approximately \$2.6 billion (USD equivalent) with a combined weighted average coupon rate of 3.76%. The new notes offering had a weighted average coupon rate of approximately 115 basis points lower than the notes that were retired.

As of December 31, 2019, Simon had more than \$7.1 billion of liquidity consisting of cash on hand, including its share of joint venture cash, and available capacity under its revolving credit facilities, net of outstanding U.S. and Euro commercial paper.

#### **2020 Guidance**

The Company currently estimates net income to be within a range of \$7.15 to \$7.30 per diluted share for the year ending December 31, 2020 and that FFO will be within a range of \$12.25 to \$12.40 per diluted share.

The following table provides the 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, 2020**

	<u>Low End</u>	<u>High End</u>
Estimated net income attributable to common stockholders per diluted share	\$7.15	\$7.30
Depreciation and amortization including Simon's share of unconsolidated entities	<u>5.10</u>	<u>5.10</u>
Estimated FFO per diluted share	<u>\$12.25</u>	<u>\$12.40</u>

#### **Conference Call**

Simon will hold a conference call to discuss the quarterly financial results today at 8:30 a.m. Eastern Time, Tuesday, February 4, 2020. A live webcast of the conference call will be accessible in listen-only mode at [investors.simon.com](http://investors.simon.com). An audio replay of the conference call will be available until February 11, 2020. To access the audio replay, dial 1-855-859-2056 (international 404-537-3406) passcode 9776639.

#### **Supplemental Materials and Website**

Supplemental information on our fourth quarter 2019 performance is available at [investors.simon.com](http://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](http://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 FFO per share, comparable earnings per share, portfolio net operating income growth and comparable property 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: 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; decreases in market rental rates; the intensely competitive market environment in the retail industry; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; risks related to international activities, including, without limitation, the impact, if any, of the United Kingdom's exit from the European Union; changes to applicable laws or regulations or the interpretation thereof; 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; 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; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; 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; environmental liabilities; changes in insurance costs, the availability of comprehensive insurance coverage; security breaches that could compromise our information technology or infrastructure; natural disasters; the potential for terrorist activities; 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 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. For more information, visit [simon.com](http://simon.com).

<sup>1</sup> For a reconciliation of FFO and net income per diluted share on a comparable basis, please see Footnote E of the Footnotes to Unaudited Financial Information.

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2019	2018	2019	2018
<b>REVENUE:</b>				
Lease income	\$ 1,356,238	\$ 1,347,155	\$ 5,243,771	\$ 5,158,420
Management fees and other revenues	29,174	30,780	112,942	116,286
Other income	103,203	84,092	398,476	370,582
<b>Total revenue</b>	<b>1,488,615</b>	<b>1,462,027</b>	<b>5,755,189</b>	<b>5,645,288</b>
<b>EXPENSES:</b>				
Property operating	113,741	115,216	453,145	450,636
Depreciation and amortization	324,310	329,145	1,340,503	1,282,454
Real estate taxes	118,600	112,790	468,004	457,740
Repairs and maintenance	26,743	26,081	100,495	99,588
Advertising and promotion	41,216	43,262	150,344	151,241
Home and regional office costs	45,217	30,584	190,109	136,677
General and administrative	7,333	10,830	34,860	46,543
Other	34,579	23,607	109,898	94,110
<b>Total operating expenses</b>	<b>711,739</b>	<b>691,515</b>	<b>2,847,358</b>	<b>2,718,989</b>
<b>OPERATING INCOME BEFORE OTHER ITEMS</b>	<b>776,876</b>	<b>770,512</b>	<b>2,907,831</b>	<b>2,926,299</b>
Interest expense	(189,813)	(204,341)	(789,353)	(815,923)
Loss on extinguishment of debt	(116,256)	-	(116,256)	-
Income and other taxes	(6,744)	(10,422)	(30,054)	(36,898)
Income from unconsolidated entities	127,657	149,987	444,349	475,250
Unrealized losses in fair value of equity instruments	(3,365)	(16,423)	(8,212)	(15,212)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	2,061	143,879	14,883	288,827
<b>CONSOLIDATED NET INCOME</b>	<b>590,416</b>	<b>833,192</b>	<b>2,423,188</b>	<b>2,822,343</b>
Net income attributable to noncontrolling interests	79,388	119,562	321,604	382,285
Preferred dividends	834	834	3,337	3,337
<b>NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS</b>	<b>\$ 510,194</b>	<b>\$ 712,796</b>	<b>\$ 2,098,247</b>	<b>\$ 2,436,721</b>
<b>BASIC AND DILUTED EARNINGS PER COMMON SHARE:</b>				
Net income attributable to common stockholders	\$ 1.66	\$ 2.30	\$ 6.81	\$ 7.87

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

	December 31, 2019	December 31, 2018
<b>ASSETS:</b>		
Investment properties, at cost	\$ 37,804,495	\$ 37,092,670
Less - accumulated depreciation	13,905,776	12,884,539
	<b>23,898,719</b>	<b>24,208,131</b>
Cash and cash equivalents	669,373	514,335
Tenant receivables and accrued revenue, net	832,151	763,815
Investment in unconsolidated entities, at equity	2,371,053	2,220,414
Investment in Klépierre, at equity	1,731,649	1,769,488
Right-of-use assets, net	514,660	-
Deferred costs and other assets	1,214,025	1,210,040
<b>Total assets</b>	<b>\$ 31,231,630</b>	<b>\$ 30,686,223</b>
<b>LIABILITIES:</b>		
Mortgages and unsecured indebtedness	\$ 24,163,230	\$ 23,305,535
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,390,682	1,316,861
Cash distributions and losses in unconsolidated entities, at equity	1,566,294	1,536,111
Lease liabilities	516,809	-
Other liabilities	464,304	500,597
<b>Total liabilities</b>	<b>28,101,319</b>	<b>26,659,104</b>
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	219,061	230,163

**EQUITY:**  
Stockholders' Equity  
Capital stock (850,000,000 total shares authorized, \$ 0.0001 par value, 238,000,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock):  
Series J 8 3/8% cumulative redeemable preferred stock, 1,000,000 shares authorized,

796,948 issued and outstanding with a liquidation value of \$39,847	42,420	42,748
Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 320,435,256 and 320,411,571 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	9,756,073	9,700,418
Accumulated deficit	(5,379,952)	(4,893,069)
Accumulated other comprehensive loss	(118,604)	(126,017)
Common stock held in treasury, at cost, 13,574,296 and 11,402,103 shares, respectively	(1,773,571)	(1,427,431)
Total stockholders' equity	2,526,398	3,296,681
Noncontrolling interests	384,852	500,275
<b>Total equity</b>	<b>2,911,250</b>	<b>3,796,956</b>
<b>Total liabilities and equity</b>	<b>\$ 31,231,630</b>	<b>\$ 30,686,223</b>

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

	<b>For the Three Months Ended December 31,</b>		<b>For the Twelve Months Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>REVENUE:</b>				
Lease income	\$ 802,746	\$ 786,217	\$ 3,088,594	\$ 3,045,668
Other income	88,060	93,828	322,398	326,575
Total revenue	<u>890,806</u>	<u>880,045</u>	<u>3,410,992</u>	<u>3,372,243</u>
<b>OPERATING EXPENSES:</b>				
Property operating	152,320	153,203	587,062	590,921
Depreciation and amortization	169,693	164,870	681,764	652,968
Real estate taxes	65,314	62,070	266,013	259,567
Repairs and maintenance	23,491	23,441	85,430	87,408
Advertising and promotion	25,808	21,924	89,660	87,349
Other	53,374	43,757	196,178	187,292
Total operating expenses	<u>490,000</u>	<u>469,265</u>	<u>1,906,107</u>	<u>1,865,505</u>
<b>OPERATING INCOME BEFORE OTHER ITEMS</b>	<b>400,806</b>	<b>410,780</b>	<b>1,504,885</b>	<b>1,506,738</b>
Interest expense	(163,074)	(158,154)	(636,988)	(663,693)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	3,022	7,575	24,609	33,367
<b>NET INCOME</b>	<b>\$ 240,754</b>	<b>\$ 260,201</b>	<b>\$ 892,506</b>	<b>\$ 876,412</b>
<b>Third-Party Investors' Share of Net Income</b>	<b>\$ 128,618</b>	<b>\$ 132,593</b>	<b>\$ 460,696</b>	<b>\$ 436,767</b>
<b>Our Share of Net Income</b>	<b>112,136</b>	<b>127,608</b>	<b>431,810</b>	<b>439,645</b>
<b>Amortization of Excess Investment (A)</b>	<b>(21,143)</b>	<b>(20,804)</b>	<b>(83,556)</b>	<b>(85,252)</b>
<b>Our Share of Gain on Sale or Disposal of Assets and Interests in Other Income in the Consolidated Financial Statements</b>	<b>-</b>	<b>-</b>	<b>(9,156)</b>	<b>-</b>
<b>Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net</b>	<b>(1,133)</b>	<b>(2,841)</b>	<b>(1,133)</b>	<b>(12,513)</b>
<b>Income from Unconsolidated Entities (B)</b>	<b>\$ 89,860</b>	<b>\$ 103,963</b>	<b>\$ 337,965</b>	<b>\$ 341,880</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)

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Assets:</b>		
Investment properties, at cost	\$ 19,525,665	\$ 18,807,449
Less - accumulated depreciation	<u>7,407,627</u>	<u>6,834,633</u>
	12,118,038	11,972,816
Cash and cash equivalents	1,015,864	1,076,398
Tenant receivables and accrued revenue, net	510,157	445,148

Right-of-use assets, net	185,302	-
Deferred costs and other assets	384,663	390,818
Total assets	<u>\$ 14,214,024</u>	<u>\$ 13,885,180</u>
<b>Liabilities and Partners' Deficit:</b>		
Mortgages	\$ 15,391,781	\$ 15,235,415
Accounts payable, accrued expenses, intangibles, and deferred revenue	977,112	976,311
Lease liabilities	186,594	-
Other liabilities	338,412	344,205
Total liabilities	<u>16,893,899</u>	<u>16,555,931</u>
Preferred units	67,450	67,450
Partners' deficit	(2,747,325)	(2,738,201)
Total liabilities and partners' deficit	<u>\$ 14,214,024</u>	<u>\$ 13,885,180</u>
<b>Our Share of:</b>		
Partners' deficit	\$ (1,196,926)	\$ (1,168,216)
Add: Excess Investment (A)	1,525,903	1,594,198
Our net Investment in unconsolidated entities, at equity	<u>\$ 328,977</u>	<u>\$ 425,982</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.

**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 Twelve Months Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
<b>Consolidated Net Income (D)</b>	\$ 590,416	\$ 833,192	\$ 2,423,188	\$ 2,822,343
<b>Adjustments to Arrive at FFO:</b>				
Depreciation and amortization from consolidated properties	321,404	326,273	1,329,843	1,270,888
Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS	139,579	129,818	551,596	533,595
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(2,061)	(137,263)	(14,883)	(282,211)
Unrealized losses in fair value of equity instruments	3,365	16,423	8,212	15,212
Net income attributable to noncontrolling interest holders in properties	(1,172)	(10,642)	(991)	(11,327)
Noncontrolling interests portion of depreciation and amortization	(4,834)	(5,082)	(19,442)	(18,647)
Preferred distributions and dividends	(1,313)	(1,313)	(5,252)	(5,252)
	<u>\$ 1,045,384</u>	<u>\$ 1,151,406</u>	<u>\$ 4,272,271</u>	<u>\$ 4,324,601</u>
<b>FFO of the Operating Partnership</b>				
<b>Diluted net income per share to diluted FFO per share reconciliation:</b>				
<b>Diluted net income per share</b>	\$ 1.66	\$ 2.30	\$ 6.81	\$ 7.87
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	1.30	1.27	5.25	5.01
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(0.01)	(0.39)	(0.04)	(0.79)
Unrealized losses in fair value of equity instruments	0.01	0.05	0.02	0.04
<b>Diluted FFO per share</b>	<u>\$ 2.96</u>	<u>\$ 3.23</u>	<u>\$ 12.04</u>	<u>\$ 12.13</u>

Details for per share calculations:

	\$	\$	\$	\$
FFO of the Operating Partnership	1,045,384	1,151,406	4,272,271	4,324,601
Diluted FFO allocable to unitholders	(138,219)	(152,122)	(563,342)	(568,817)
Diluted FFO allocable to common stockholders	<u>\$ 907,165</u>	<u>\$ 999,284</u>	<u>\$ 3,708,929</u>	<u>\$ 3,755,784</u>
Basic and Diluted weighted average shares outstanding	306,869	309,294	307,950	309,627
Weighted average limited partnership units outstanding	46,751	47,102	46,774	46,893
Basic and Diluted weighted average shares and units outstanding	<u>353,620</u>	<u>356,396</u>	<u>354,724</u>	<u>356,520</u>
Basic and Diluted FFO per Share	\$ 2.96	\$ 3.23	\$ 12.04	\$ 12.13
Percent Change	-8.4%		-0.7%	

**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 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 \$3.2 million and \$2.4 million for the three months ended December 31, 2019 and 2018, respectively, and \$17.3 million and \$6.3 million for the twelve months ended December 31, 2019 and 2018, respectively.
  - Straight-line adjustments increased income by \$24.9 million and \$6.7 million for the three months ended December 31, 2019 and 2018, respectively, and \$90.9 million and \$28.5 million for the twelve months ended December 31, 2019 and 2018, respectively.
  - Amortization of fair market value of leases from acquisitions increased income by \$1.4 million and \$1.4 million for the three months ended December 31, 2019 and 2018, respectively, and \$5.4 million and \$4.4 million for the twelve months ended December 31, 2019 and 2018, respectively.
- (E) Reconciliation of reported earnings per share to comparable earnings per share and FFO per share to comparable FFO per share:

	<u>THREE MONTHS ENDED DECEMBER 31,</u>		<u>TWELVE MONTHS ENDED DECEMBER 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reported earnings per share	\$ 1.66	\$ 2.30	\$ 6.81	\$ 7.87
Add: Loss on extinguishment of debt	0.33	-	0.33	-
Less: Non-cash investment gain (ABG)	-	-	-	(0.10)
Less: Higher distribution income from international investment	-	-	-	(0.05)
Less: ASC 842 expensing internal leasing costs	-	(0.03)	-	(0.13)
Less: Gains on sale or disposal of assets	-	(0.40)	-	(0.81)
Comparable earnings per share	<u>\$ 1.99</u>	<u>\$ 1.87</u>	<u>\$ 7.14</u>	<u>\$ 6.78</u>
Comparable earnings per share growth	6.4%		5.3%	

	<u>THREE MONTHS ENDED DECEMBER 31,</u>		<u>TWELVE MONTHS ENDED DECEMBER 31,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Reported FFO per share	\$ 2.96	\$ 3.23	\$ 12.04	\$ 12.13
Add: Loss on extinguishment of debt	0.33	-	0.33	-
Less: Non-cash investment gain (ABG)	-	-	-	(0.10)
Less: Higher distribution income from international investment	-	-	-	(0.05)
Less: ASC 842 expensing internal leasing costs	-	(0.03)	-	(0.13)
Comparable FFO per share	<u>\$ 3.29</u>	<u>\$ 3.20</u>	<u>\$ 12.37</u>	<u>\$ 11.85</u>
Comparable FFO per share growth	2.8%		4.4%	

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SOURCE Simon

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