



Simon Property Group Reports Record Second Quarter 2018 Results And Raises Quarterly Dividend And Full Year 2018 Guidance

July 30, 2018

INDIANAPOLIS, July 30, 2018 /PRNewswire/ -- Simon, a global leader in premier shopping, dining and entertainment destinations, today reported results for the quarter ended June 30, 2018.



Results for the Quarter

- Net income attributable to common stockholders was \$547.0 million, or \$1.77 per diluted share, as compared to \$382.0 million, or \$1.23 per diluted share, in the prior year period. Results for the second quarter 2017 included a charge of \$0.36 per diluted share related to the early redemption of certain senior notes of Simon Property Group, L.P.
- Funds from Operations ("FFO") was \$1.061 billion, or \$2.98 per diluted share, as compared to \$884.7 million, or \$2.47 per diluted share, in the prior year period, a 20.6% increase. FFO in the second quarter 2017 includes the aforementioned charge related to the redemption of certain of our senior notes.

Results for the Six Months

- Net income attributable to common stockholders was \$1.168 billion, or \$3.77 per diluted share, as compared to \$859.7 million, or \$2.75 per diluted share, in the prior year period. Results for the six months ended 2018 include net gains of \$144.9 million, or \$0.41 per diluted share, primarily related to disposition activity. Results for the six months ended 2017 include the \$0.36 per diluted share charge on the extinguishment of debt.
- FFO was \$2.087 billion, or \$5.85 per diluted share, as compared to \$1.870 billion, or \$5.20 per diluted share, in the prior year period, a 12.5% increase. FFO for the six months ended 2017 includes the aforementioned charge on the extinguishment of debt.

"This was an excellent quarter for our Company, with strong financial and operational performance and the successful opening of our fourth outlet center in Canada," said David Simon, Chairman and Chief Executive Officer. "Based upon our results to date and expectations for the remainder of 2018, today, we raised our quarterly dividend and are again increasing our full-year 2018 guidance."

U.S. Malls and Premium Outlets Operating Statistics

- Reported retailer sales per square foot for the trailing 12-months ended June 30, 2018 was \$646, an increase of 4.6%.
- Occupancy was 94.7% at June 30, 2018.
- Base minimum rent per square foot was \$53.84 at June 30, 2018, an increase of 3.3% compared to the prior year period.
- Leasing spread per square foot for the trailing 12-months ended June 30, 2018 was \$7.32, an increase of 10.7%.

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

Total portfolio NOI growth for the six months ended June 30, 2018 was 4.5%. Total portfolio NOI includes comparable property NOI, NOI from new development, redevelopment, expansion and acquisitions, NOI from international properties and our share of NOI from investments. Comparable property NOI growth for the six months ended June 30, 2018 was 2.3%.

Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$2.00 per share. This is an 11.1% increase year-over-year. The dividend will be payable on August 31, 2018 to shareholders of record on August 17, 2018.

Simon's Board of Directors also 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 28, 2018 to shareholders of record on September 14, 2018.

Development Activity

On May 2, 2018, Premium Outlet Collection Edmonton International Airport (Edmonton, Alberta, Canada) opened with 424,000 square feet of high-quality, name brand stores. Simon owns a 50% interest in this center.

Construction continues on four new development projects including:

- Denver Premium Outlets (Thornton, Colorado); scheduled to open in September 2018. Simon owns 100% of this project.
- Queretaro Premium Outlets (Queretaro, Mexico); scheduled to open in December 2018. Simon owns a 50% interest in this project.
- Malaga Designer Outlet (Malaga, Spain); scheduled to open in spring 2019. Simon owns a 46% interest in this project.
- Cannock Designer Outlet (Cannock, United Kingdom); scheduled to open in spring 2020. Simon owns a 20% interest in this project.

Construction also continues on significant redevelopment and expansion projects at other properties including Town Center at Boca Raton, Toronto Premium Outlets and Southdale Center (Edina (Minneapolis), MN).

At quarter-end, redevelopment and expansion projects, including the addition of new anchors, were underway at properties in the U.S., Canada, Europe and Asia.

During the second quarter, construction started on significant expansion projects at Vancouver Designer Outlet (Vancouver, British Columbia, Canada) and Ashford Designer Outlet (Kent, United Kingdom).

Financing Activity

During the first six months of 2018, the Company closed on eight mortgage loans totaling approximately \$2.4 billion, (U.S. dollar equivalent), of which Simon's share is approximately \$850 million. The weighted average interest rate and weighted average term on these loans is 3.98% and 8.9 years, respectively.

As of June 30, 2018, Simon had more than \$7.0 billion of liquidity consisting of cash on hand, including its share of joint venture cash, and available capacity under its revolving credit facilities.

Common Stock Repurchase Program

During the quarter ended June 30, 2018, the Company repurchased 514,659 shares of its common stock.

2018 Guidance

The Company currently estimates net income to be within a range of \$7.46 to \$7.54 per diluted share for the year ending December 31, 2018 and that FFO will be within a range of \$12.05 to \$12.13 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, 2018

| | <u>Low End</u> | <u>High End</u> |
|--|--------------------|---------------------|
| Estimated net income attributable to common stockholders per diluted share | \$7.46 | \$7.54 |
| Depreciation and amortization including Simon's share of unconsolidated entities | 5.00 | 5.00 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | <u>(0.41)</u> | <u>(0.41)</u> |
| Estimated FFO per diluted share | <u>\$12.05</u> | <u>\$12.13</u> |

Conference Call

Simon will hold a conference call to discuss the quarterly financial results today at 8:30 a.m. Eastern Time, Monday, July 30, 2018. A live webcast of the conference call will be accessible in listen-only mode at investors.simon.com. An audio replay of the conference call will be available until August 6, 2018. To access the audio replay, dial 1-855-859-2056 (international 404-537-3406) passcode 5187818.

Supplemental Materials and Website

Supplemental information on our second quarter 2018 performance is available at investors.simon.com. This information has also been furnished to the SEC in a current report on Form 8-K.

We routinely post important information online on our investor relations website, investors.simon.com. We use this website, press releases, SEC filings, quarterly conference calls, presentations and webcasts to disclose material, non-public information in accordance with Regulation FD. We encourage members of the investment community to monitor these distribution channels for material disclosures. Any information accessed through our website is not incorporated by reference into, and is not a part of, this document.

Non-GAAP Financial Measures

This press release includes FFO, FFO per share, 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 of the United Kingdom's vote to leave 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; 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 its 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.

Simon Property Group, Inc.
Unaudited Consolidated Statements of Operations
(Dollars in thousands, except per share amounts)

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-------------------|--------------------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| REVENUE: | | | | |
| Minimum rent | \$ 857,106 | \$ 851,552 | \$1,717,277 | \$1,698,350 |
| Overage rent | 31,942 | 29,764 | 64,932 | 57,967 |
| Tenant reimbursements | 372,949 | 380,527 | 753,312 | 759,442 |
| Management fees and other revenues | 28,541 | 31,367 | 56,722 | 61,914 |
| Other income | 97,820 | 68,338 | 195,929 | 129,638 |
| Total revenue | 1,388,358 | 1,361,548 | 2,788,172 | 2,707,311 |
| EXPENSES: | | | | |
| Property operating | 102,951 | 107,371 | 216,400 | 211,419 |
| Depreciation and amortization | 320,198 | 322,396 | 637,134 | 633,228 |
| Real estate taxes | 111,449 | 113,415 | 225,635 | 220,073 |
| Repairs and maintenance | 22,191 | 21,700 | 49,875 | 47,301 |
| Advertising and promotion | 36,491 | 36,496 | 71,291 | 72,444 |
| Provision for credit losses | 3,299 | 2,659 | 8,931 | 7,870 |
| Home and regional office costs | 32,316 | 36,476 | 73,380 | 79,455 |
| General and administrative | 10,913 | 13,074 | 23,542 | 27,075 |
| Other | 10,875 | 21,812 | 42,377 | 45,627 |
| Total operating expenses | 650,683 | 675,399 | 1,348,565 | 1,344,492 |
| OPERATING INCOME | 737,675 | 686,149 | 1,439,607 | 1,362,819 |
| Interest expense | (206,624) | (207,174) | (412,115) | (405,373) |
| Loss on extinguishment of debt | - | (128,618) | - | (128,618) |
| Income and other taxes | (10,137) | (5,990) | (16,357) | (2,470) |
| Income from unconsolidated entities | 100,828 | 92,017 | 190,854 | 161,101 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | 9,672 | 4,989 | 144,949 | 4,989 |
| CONSOLIDATED NET INCOME | 631,414 | 441,373 | 1,346,938 | 992,448 |
| Net income attributable to noncontrolling interests | 83,576 | 58,549 | 177,611 | 131,053 |
| Preferred dividends | 834 | 834 | 1,669 | 1,669 |
| NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS | \$ 547,004 | \$ 381,990 | \$ 1,167,658 | \$ 859,726 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE: | | | | |
| Net income attributable to common stockholders | \$ 1.77 | \$ 1.23 | \$ 3.77 | \$ 2.75 |

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

| | June 30, 2018 | December 31, 2017 |
|--|----------------------|----------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 36,429,603 | \$ 36,393,464 |
| Less - accumulated depreciation | 12,354,966 | 11,935,949 |
| | 24,074,637 | 24,457,515 |
| Cash and cash equivalents | 714,247 | 1,482,309 |
| Tenant receivables and accrued revenue, net | 681,551 | 742,672 |
| Investment in unconsolidated entities, at equity | 2,302,833 | 2,266,483 |
| Investment in Klépierre, at equity | 1,772,155 | 1,934,676 |
| Deferred costs and other assets | 1,297,717 | 1,373,983 |
| Total assets | \$ 30,843,140 | \$ 32,257,638 |
| LIABILITIES: | | |
| Mortgages and unsecured indebtedness | \$ 23,505,002 | \$ 24,632,463 |

| | | |
|--|----------------------|----------------------|
| Accounts payable, accrued expenses, intangibles, and deferred revenues | 1,230,775 | 1,269,190 |
| Cash distributions and losses in unconsolidated entities, at equity | 1,531,136 | 1,406,378 |
| Other liabilities | 499,598 | 520,363 |
| Total liabilities | 26,766,511 | 27,828,394 |
| Commitments and contingencies | | |
| Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties | 198,001 | 190,480 |
| 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 | 42,912 | 43,077 |
| Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 320,324,839 and 320,322,774 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 | 9,657,810 | 9,614,748 |
| Accumulated deficit | (4,833,826) | (4,782,173) |
| Accumulated other comprehensive loss | (115,285) | (110,453) |
| Common stock held in treasury, at cost, 11,115,156 and 9,163,920 shares, respectively | (1,380,619) | (1,079,063) |
| Total stockholders' equity | 3,371,024 | 3,686,168 |
| Noncontrolling interests | 507,604 | 552,596 |
| Total equity | 3,878,628 | 4,238,764 |
| Total liabilities and equity | \$ 30,843,140 | \$ 32,257,638 |

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

| | For the Three Months Ended | | For the Six Months Ended | |
|---|----------------------------|-------------------|--------------------------|-------------------|
| | 2018 | 2017 | 2018 | 2017 |
| REVENUE: | | | | |
| Minimum rent | \$ 483,976 | \$ 465,705 | \$ 959,931 | \$ 916,760 |
| Overage rent | 51,067 | 46,447 | 110,728 | 97,816 |
| Tenant reimbursements | 220,426 | 212,465 | 443,916 | 428,246 |
| Other income | 78,378 | 71,753 | 159,487 | 136,079 |
| Total revenue | <u>833,847</u> | <u>796,370</u> | <u>1,674,062</u> | <u>1,578,901</u> |
| OPERATING EXPENSES: | | | | |
| Property operating | 139,553 | 132,028 | 285,845 | 265,013 |
| Depreciation and amortization | 166,299 | 159,748 | 326,134 | 313,202 |
| Real estate taxes | 68,576 | 63,977 | 136,843 | 130,560 |
| Repairs and maintenance | 20,736 | 20,471 | 43,933 | 40,701 |
| Advertising and promotion | 20,884 | 21,836 | 45,108 | 44,034 |
| Provision for credit losses | 5,577 | 2,789 | 12,078 | 6,566 |
| Other | 49,885 | 45,030 | 99,617 | 88,384 |
| Total operating expenses | <u>471,510</u> | <u>445,879</u> | <u>949,558</u> | <u>888,460</u> |
| OPERATING INCOME | 362,337 | 350,491 | 724,504 | 690,441 |
| Interest expense | (190,751) | (146,440) | (341,684) | (288,647) |
| Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net | 25,792 | - | 25,792 | - |
| NET INCOME | \$ 197,378 | \$ 204,051 | \$ 408,612 | \$ 401,794 |
| Third-Party Investors' Share of Net Income | \$ 96,240 | \$ 104,265 | \$ 202,424 | \$ 203,950 |
| Our Share of Net Income | 101,138 | 99,786 | 206,188 | 197,844 |
| Amortization of Excess Investment (A) | (21,395) | (22,979) | (42,921) | (45,436) |
| Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net | (9,672) | - | (9,672) | - |
| Income from Unconsolidated Entities (B) | \$ 70,071 | \$ 76,807 | \$ 153,595 | \$ 152,408 |

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, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Assets: | | |
| Investment properties, at cost | \$ 18,580,295 | \$ 18,328,747 |
| Less - accumulated depreciation | <u>6,618,858</u> | <u>6,371,363</u> |
| | 11,961,437 | 11,957,384 |
| Cash and cash equivalents | 970,605 | 956,084 |
| Tenant receivables and accrued revenue, net | 386,980 | 403,125 |
| Deferred costs and other assets | <u>389,710</u> | <u>355,585</u> |
| Total assets | <u>\$ 13,708,732</u> | <u>\$ 13,672,178</u> |
| Liabilities and Partners' Deficit: | | |
| Mortgages | \$ 15,252,252 | \$ 14,784,310 |
| Accounts payable, accrued expenses, intangibles, and deferred revenue | 859,475 | 1,033,674 |
| Other liabilities | <u>386,151</u> | <u>365,857</u> |
| Total liabilities | <u>16,497,878</u> | <u>16,183,841</u> |
| Preferred units | 67,450 | 67,450 |
| Partners' deficit | <u>(2,856,596)</u> | <u>(2,579,113)</u> |
| Total liabilities and partners' deficit | <u>\$ 13,708,732</u> | <u>\$ 13,672,178</u> |
| Our Share of: | | |
| Partners' deficit | \$ (1,240,838) | \$ (1,144,620) |
| Add: Excess Investment (A) | <u>1,693,800</u> | <u>1,733,063</u> |
| Our net Investment in unconsolidated entities, at equity | <u>\$ 452,962</u> | <u>\$ 588,443</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 June 30, | | For the Six Months Ended June 30, | |
|---|--|-------------------|--------------------------------------|---------------------|
| | 2018 | 2017 | 2018 | 2017 |
| Consolidated Net Income (D) | \$ 631,414 | \$ 441,373 | \$ 1,346,938 | \$ 992,448 |
| Adjustments to Arrive at FFO: | | | | |
| Depreciation and amortization from consolidated properties | 317,364 | 318,585 | 631,370 | 626,273 |
| Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS | 137,279 | 135,476 | 272,204 | 266,694 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (9,672) | (4,989) | (144,949) | (4,989) |
| Unrealized change in fair value of equity instruments | (9,692) | - | (6,664) | - |
| Net (income) loss attributable to noncontrolling interest holders in properties | (279) | (74) | (186) | 170 |
| Noncontrolling interests portion of depreciation and amortization | (4,537) | (4,315) | (9,185) | (8,215) |
| Preferred distributions and dividends | (1,313) | (1,313) | (2,626) | (2,626) |
| FFO of the Operating Partnership (E) | <u>\$ 1,060,564</u> | <u>\$ 884,743</u> | <u>\$ 2,086,902</u> | <u>\$ 1,869,755</u> |
| Diluted net income per share to diluted FFO per share reconciliation: | | | | |
| Diluted net income per share | \$ 1.77 | \$ 1.23 | \$ 3.77 | \$ 2.75 |
| 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 | 1.25 | 2.51 | 2.46 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (0.03) | (0.01) | (0.41) | (0.01) |
| Unrealized change in fair value of equity instruments | (0.03) | - | (0.02) | - |

| | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|
| Diluted FFO per share (F) | \$ 2.98 | \$ 2.47 | \$ 5.85 | \$ 5.20 |
|----------------------------------|----------------|----------------|----------------|----------------|

Details for per share calculations:

| | | | | |
|---|-------------------|-------------------|---------------------|---------------------|
| FFO of the Operating Partnership (E) | \$ 1,060,564 | \$ 884,743 | \$ 2,086,902 | \$ 1,869,755 |
| Diluted FFO allocable to unitholders | (139,426) | (116,599) | (273,985) | (246,028) |
| Diluted FFO allocable to common stockholders (G) | \$ 921,138 | \$ 768,144 | \$ 1,812,917 | \$ 1,623,727 |
| Basic and Diluted weighted average shares outstanding | 309,355 | 311,579 | 309,966 | 312,191 |
| Weighted average limited partnership units outstanding | 46,827 | 47,287 | 46,845 | 47,304 |
| Basic and Diluted weighted average shares and units outstanding | 356,182 | 358,866 | 356,811 | 359,495 |
| Basic and Diluted FFO per Share (F) | \$ 2.98 | \$ 2.47 | \$ 5.85 | \$ 5.20 |
| Percent Change | 20.6% | | 12.5% | |

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 properties.
- (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 Footnotes 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-Q.
- (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"). 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, previously depreciated 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.

We have adopted NAREIT's clarification of the definition of FFO that requires it to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting changes, or a gain or loss resulting from the sale, disposal or property insurance recoveries of, or any impairment relating to, previously depreciated retail operating properties. We include in FFO gains and losses realized from the sale of land, outlot buildings, equity instruments, and investment holdings of non-retail real estate. 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 \$1.4 million and \$5.0 million for the three months ended June 30, 2018 and 2017, respectively, and \$2.7 million and \$7.7 million for the six months ended June 30, 2018 and 2017, respectively.
 - Straight-line adjustments increased income by \$6.4 million and \$5.1 million for the three months ended June 30, 2018 and 2017, respectively, and \$15.0 million and \$15.3 million for the six months ended June 30, 2018 and 2017, respectively.
 - Amortization of fair market value of leases from acquisitions increased income by \$1.0 million and \$1.5 million for the three months ended June 30, 2018 and 2017, respectively, and \$2.4 million and \$3.2 million for the six months ended June 30, 2018 and 2017, respectively.
- (E) Includes a loss on the extinguishment of debt of \$128.6 million for the three and six months ended June 30, 2017.
- (F) Includes Basic and Diluted FFO per share related to a loss on the extinguishment of debt of \$0.36 for the three and six months ended June 30, 2017.
- (G) Includes Diluted FFO allocable to common stockholders related to a loss on the extinguishment of debt of \$111.7 million for the three and six months ended June 30, 2017.

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SOURCE Simon

Tom Ward, 317-685-7330, Investors; Les Morris 317-263-7711, Media