



Simon Property Group Reports Fourth Quarter And Full Year 2016 Results And Raises Quarterly Dividend

January 31, 2017

INDIANAPOLIS, Jan. 31, 2017 /PRNewswire/ -- Simon, a global leader in retail real estate, today reported results for the quarter and twelve months ended December 31, 2016.



Results for the Year[1]

- Net income attributable to common stockholders was \$1.836 billion, or \$5.87 per diluted share, as compared to \$1.824 billion, or \$5.88 per diluted share, in the prior year period. Results for 2016 include a charge of \$136.8 million or \$0.38 per diluted share related to the redemption of certain senior notes of Simon Property Group, L.P. The 2015 results include a net gain of \$166.2 million, or \$0.46 per diluted share.
- Funds from Operations ("FFO") was \$3.793 billion, or \$10.49 per diluted share, as compared to \$3.571 billion, or \$9.86 per diluted share, in the prior year period, an increase of 6.4%. The 2016 results include the \$0.38 per diluted share charge on the extinguishment of debt. The 2015 results include a net \$0.11 per diluted share charge (\$0.33 charge related to the redemption of certain senior notes in 2015 net of \$0.22 of gain upon sale of marketable securities).
- Growth in comparable FFO per diluted share for the twelve months ended December 31, 2016 was 9.0%.

Results for the Quarter[1]

- Net income attributable to common stockholders was \$394.4 million, or \$1.26 per diluted share, as compared to \$392.3 million, or \$1.27 per diluted share, in the prior year period. Results for the fourth quarter of 2016 and 2015 each include a charge related to the redemption of senior notes of \$0.38 and \$0.33 per diluted share, respectively.
- FFO was \$912.2 million, or \$2.53 per diluted share, as compared to \$866.5 million, or \$2.40 per diluted share, in the prior year period, an increase of 5.4%. FFO in the fourth quarter of 2016 and 2015 includes the aforementioned charges on the extinguishment of debt.
- Growth in comparable FFO per diluted share for the three months ended December 31, 2016 was 6.6%.

[1] For a reconciliation of FFO and net income per diluted share on a comparable basis, please see Footnote J of the Footnotes to Unaudited Financial Information.

"I am pleased with our strong fourth quarter results, concluding another very successful and productive year for our company," said David Simon, Chairman and Chief Executive Officer. "In 2016, we opened three new centers, delivered four significant property transformations and completed several major financing transactions that reinforced our industry-leading balance sheet. We are also pleased to again announce an increase in our quarterly dividend to \$1.75 per share, growth of 6.1% from last quarter and year-over-year increase of 9.4%."

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 96.8% at December 31, 2016 compared to 96.1% at December 31, 2015.
- Base minimum rent per square foot was \$51.59 at December 31, 2016, an increase of 5.4% compared to the prior year period.
- Leasing spread per square foot for the trailing 12-months ended December 31, 2016 was \$7.82, an increase of 12.7%.

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

Total portfolio NOI growth for the twelve months ended December 31, 2016 was 6.7% and was 5.6% for the three months ended December 31, 2016. 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 twelve months ended December 31, 2016 was 3.6% and was 3.8% for the three months ended December 31, 2016.

Dividends

Today Simon's Board of Directors declared a quarterly common stock dividend of \$1.75 per share. This is an increase of \$0.10 from the previous quarter, and a year-over-year increase of 9.4%. The dividend will be payable on February 28, 2017 to stockholders of record on February 14, 2017.

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 March 31, 2017 to stockholders of record on March 17, 2017.

Development Activity

During the fourth quarter, we opened two significant new development projects:

- On October 27th, we opened Clarksburg Premium Outlets, in Clarksburg, Maryland, a 392,000 square foot center with more than 85 retailers featuring high-quality designer and name brands serving the greater Washington D.C. area. Simon owns a 66% interest in this center.
- On November 3rd, we opened the 500,000 square foot retail component to Brickell City Centre in Miami, Florida. Simon owns a 25% interest in this center and leases and manages the center.

Construction continues on six other new development projects scheduled to open in 2017, including:

- The Shops at Clearfork (Fort Worth, Texas); scheduled to open in September. Simon owns a 45% interest in this project.
- Provence Designer Outlet (Miramas, France); scheduled to open in April. Simon owns a 90% interest in this project.
- Siheung Premium Outlets (Siheung (Seoul), South Korea); scheduled to open in May. Simon owns a 50% interest in this project.
- Genting Highlands Premium Outlets (Kuala Lumpur, Malaysia); scheduled to open in May. Simon owns a 50% interest in this project.
- Norfolk Premium Outlets (Norfolk, Virginia); scheduled to open in June. Simon owns a 65% interest in this project.
- Premium Outlet Collection Edmonton IA (Edmonton, Alberta, Canada); scheduled to open in October. Simon owns a 50% interest in this project.

Construction also continues on significant redevelopment and expansion projects including The Westchester, The Galleria in Houston, La Plaza Mall, The Shops at Riverside, Woodbury Common Premium Outlets, Allen Premium Outlets and Toronto Premium Outlets.

At quarter-end, redevelopment and expansion projects, including the addition of new anchors, were underway at 29 properties in the U.S., Canada and Europe. Simon's share of the costs of all new development and redevelopment projects under construction at quarter-end was approximately \$1.6 billion.

Financing Activity

The Company was active in both the unsecured and secured credit markets in 2016 continuing to lower our effective borrowing costs and extend our maturity profile.

The Company completed three senior notes offerings, two in U.S. dollars and the other in Euros, totaling \$3.8 billion (U.S. dollar equivalent), with a weighted average coupon rate of 2.86% and weighted average term of 11.4 years.

During the year, we retired five series of senior notes comprising approximately \$1.9 billion at a weighted average coupon rate of 6.50%. The three new notes offerings had a weighted average coupon rate approximately 360 basis points lower than the notes that were retired during the year.

The Company also increased the availability under its supplemental revolving credit facility by \$750 million during the year, resulting in \$7.5 billion of total revolving credit capacity.

With regard to secured debt activity, we completed 27 mortgage loans totaling approximately \$4.3 billion, (U.S. dollar equivalent), of which Simon's share is \$3.0 billion. The weighted average interest rate and weighted average term on these loans is 3.67% and 9.4 years, respectively.

As of December 31, 2016, Simon had over \$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 December 31, 2016, the Company repurchased 1,409,197 shares of its common stock at an average price of \$181.12 per share. Since the program's inception in April 2015, the Company has repurchased a total of 3,312,537 shares of its common stock at an average price of \$180.59 per share.

2017 Guidance

The Company currently estimates net income to be within a range of \$6.45 to \$6.55 per diluted share for the year ending December 31, 2017 and that FFO will be within a range of \$11.45 to \$11.55 per diluted share.

The following table provides the reconciliation for the expected range of estimated net income available to common stockholders per diluted share to estimated FFO per diluted share:

For the year ending December 31, 2017

	Low End	High End
Estimated net income available to common stockholders per diluted share	\$6.45	\$6.55
Depreciation and amortization including Simon's share of unconsolidated entities	5.00	5.00
Estimated FFO per diluted share	<u>\$11.45</u>	<u>\$11.55</u>

Conference Call

Simon will hold a conference call to discuss the quarterly financial results today at 11:00 a.m. Eastern Time, Tuesday, January 31, 2017. 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 February 7, 2017. To access the audio replay, dial 1-855-859-2056 (international 404-537-3406) passcode 37060619.

Supplemental Materials and Website

Supplemental information on our fourth quarter 2016 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 at 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, 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: the Company's ability to meet debt service requirements, the availability and terms of financing, changes in the Company's credit rating or outlook, changes in market rates of interest and foreign exchange rates for foreign currencies, changes in value of investments in foreign entities, the ability to hedge interest rate and currency risk, risks associated with the acquisition, development, expansion, leasing and management of properties, general risks related to retail real estate, the liquidity of real estate investments, environmental liabilities, international, national, regional and local economic conditions, changes in market rental rates, security breaches that could compromise our information technology or infrastructure or personally identifiable data of customers of our retail properties, trends in the retail industry, relationships with anchor tenants, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks relating to joint venture properties, the intensely competitive market environment in the retail industry, costs of common area maintenance, risks related to international activities, including, without limitation, the impact of the United Kingdom's vote to leave the European Union, insurance costs and coverage, the loss of key management personnel, terrorist activities, changes in economic and market conditions and maintenance of our status as a real estate investment trust. 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 retail real estate ownership, management and development and an S&P100 company (Simon Property Group) (NYSE: SPG). Our industry-leading retail properties and investments across North America, Europe and Asia provide shopping experiences for millions of consumers every day and generate billions in annual retail 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 December 31,		For the Twelve Months Ended December 31,	
	2016	2015	2016	2015
REVENUE:				
Minimum rent	\$ 874,937	\$ 832,396	\$ 3,358,498	\$ 3,142,347
Overage rent	61,253	70,651	161,508	194,070
Tenant reimbursements	377,941	367,921	1,494,804	1,445,623
Management fees and other revenues	34,277	44,792	143,875	158,466
Other income	77,558	64,861	276,544	325,597
Total revenue	1,425,966	1,380,621	5,435,229	5,266,103
EXPENSES:				
Property operating	104,479	110,564	432,394	425,983
Depreciation and amortization	336,717	304,325	1,252,673	1,177,568
Real estate taxes	110,374	105,321	439,030	432,840
Repairs and maintenance	27,638	27,770	99,723	101,369
Advertising and promotion	38,896	36,127	142,801	134,854
(Recovery of) provision for credit losses	(542)	463	7,319	6,635
Home and regional office costs	37,867	42,362	158,406	154,816
General and administrative	19,939	15,147	65,082	60,329
Other	50,097	28,812	116,973	102,836
Total operating expenses	725,465	670,891	2,714,401	2,597,230
OPERATING INCOME	700,501	709,730	2,720,828	2,668,873
Interest expense	(209,508)	(230,896)	(857,554)	(923,697)
Loss on extinguishment of debt	(136,777)	(120,953)	(136,777)	(120,953)
Income and other taxes	(1,052)	(6,731)	(29,678)	(20,170)
Income from unconsolidated entities	94,344	81,517	353,334	284,806
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net	8,094	27,250	84,553	250,516
CONSOLIDATED NET INCOME	455,602	459,917	2,134,706	2,139,375
Net income attributable to noncontrolling interests	60,337	66,786	295,810	311,655
Preferred dividends	834	834	3,337	3,337

NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ 394,431	\$ 392,297	\$ 1,835,559	\$ 1,824,383
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BASIC AND DILUTED EARNINGS PER COMMON SHARE:

Net income attributable to common stockholders	<u>\$ 1.26</u>	<u>\$ 1.27</u>	<u>\$ 5.87</u>	<u>\$ 5.88</u>
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Simon Property Group, Inc.
Unaudited Consolidated Balance Sheets
(Dollars in thousands, except share amounts)

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
ASSETS:		
Investment properties, at cost	\$ 35,226,089	\$ 33,463,124
Less - accumulated depreciation	<u>10,865,754</u>	<u>9,915,386</u>
	24,360,335	23,547,738
Cash and cash equivalents	560,059	701,134
Tenant receivables and accrued revenue, net	664,619	624,605
Investment in unconsolidated entities, at equity	2,367,583	2,481,574
Investment in Klépierre, at equity	1,797,394	1,943,363
Deferred costs and other assets	<u>1,353,588</u>	<u>1,266,768</u>
Total assets	<u>\$ 31,103,578</u>	<u>\$ 30,565,182</u>
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 22,977,104	\$ 22,416,682
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,214,022	1,323,801
Cash distributions and losses in partnerships and joint ventures, at equity	1,359,738	1,368,544
Other liabilities	<u>455,040</u>	<u>214,249</u>
Total liabilities	<u>26,005,904</u>	<u>25,323,276</u>
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	137,762	25,537
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	43,405	43,733
Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 319,823,322 and 314,806,914 issued and outstanding, respectively	32	31
Class B common stock, \$ 0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	9,523,086	9,384,450
Accumulated deficit	(4,459,387)	(4,266,930)
Accumulated other comprehensive loss	(114,126)	(252,686)
Common stock held in treasury, at cost, 6,756,748 and 5,394,345 shares, respectively	<u>(682,562)</u>	<u>(437,134)</u>
Total stockholders' equity	4,310,448	4,471,464
Noncontrolling interests	<u>649,464</u>	<u>744,905</u>
Total equity	<u>4,959,912</u>	<u>5,216,369</u>
Total liabilities and equity	<u>\$ 31,103,578</u>	<u>\$ 30,565,182</u>

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

	For the Three Months Ended December 31,		For the Twelve Months Ended December 31,	
	2016	2015	2016	2015
REVENUE:				
Minimum rent	\$ 472,245	\$ 475,967	\$ 1,823,674	\$ 1,801,023
Overage rent	59,047	55,058	200,638	191,249
Tenant reimbursements	216,160	201,959	862,155	799,420
Other income	68,739	66,126	237,782	236,726
Total revenue	<u>816,191</u>	<u>799,110</u>	<u>3,124,249</u>	<u>3,028,418</u>
OPERATING EXPENSES:				
Property operating	136,284	132,270	538,002	530,798
Depreciation and amortization	154,045	159,358	588,666	594,973
Real estate taxes	58,126	58,336	239,917	231,154
Repairs and maintenance	20,350	19,921	76,380	73,286
Advertising and promotion	26,766	21,288	88,956	75,773
Provision for credit losses	2,162	1,217	7,603	4,153
Other	49,786	47,289	183,435	169,504
Total operating expenses	<u>447,519</u>	<u>439,679</u>	<u>1,722,959</u>	<u>1,679,641</u>
OPERATING INCOME	368,672	359,431	1,401,290	1,348,777
Interest expense	(141,473)	(149,792)	(585,958)	(593,187)
Gain on sale or disposal of assets and interests in unconsolidated entities	-	31,397	101,051	67,176
NET INCOME	<u>\$ 227,199</u>	<u>\$ 241,036</u>	<u>\$ 916,383</u>	<u>\$ 822,766</u>
Third-Party Investors' Share of Net Income	<u>\$ 115,353</u>	<u>\$ 108,559</u>	<u>\$ 452,844</u>	<u>\$ 405,456</u>
Our Share of Net Income	111,846	132,477	463,539	417,310
Amortization of Excess Investment (A)	(23,542)	(23,407)	(94,213)	(94,828)
Our Share of Gain on Sale or Disposal of Assets and Interests in Unconsolidated Entities, net	-	(27,250)	(22,636)	(43,589)
Our Share of Gain on Sale or Disposal of Assets and Interests Included in Other Income in the Consolidated Financial Statements	-	-	(36,153)	-
Income from Unconsolidated Entities (B)	<u>\$ 88,304</u>	<u>\$ 81,820</u>	<u>\$ 310,537</u>	<u>\$ 278,893</u>

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 Balance Sheets
(Dollars in thousands)

	December 31, 2016	December 31, 2015
Assets:		
Investment properties, at cost	\$ 17,549,078	\$ 17,186,884
Less - accumulated depreciation	<u>5,892,960</u>	<u>5,780,261</u>
	11,656,118	11,406,623
Cash and cash equivalents	778,455	818,805
Tenant receivables and accrued revenue, net	348,139	354,133
Deferred costs and other assets	<u>351,098</u>	<u>482,024</u>
Total assets	<u>\$ 13,133,810</u>	<u>\$ 13,061,585</u>
Liabilities and Partners' Deficit:		
Mortgages	\$ 14,237,576	\$ 13,827,215
Accounts payable, accrued expenses, intangibles, and deferred revenue	867,003	985,159
Other liabilities	<u>325,078</u>	<u>468,005</u>
Total liabilities	15,429,657	15,280,379
Preferred units	67,450	67,450
Partners' deficit	<u>(2,363,297)</u>	<u>(2,286,244)</u>
Total liabilities and partners' deficit	<u>\$ 13,133,810</u>	<u>\$ 13,061,585</u>
Our Share of:		
Partners' deficit	\$ (1,018,755)	\$ (854,563)

Add: Excess Investment (A)	1,791,691	1,788,749
Our net Investment in unconsolidated entities, at equity	<u>\$ 772,936</u>	<u>\$ 934,187</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 December 31,		For the Twelve Months Ended December 31,	
	2016	2015	2016	2015
Consolidated Net Income (D)	\$ 455,602	\$ 459,917	\$ 2,134,706	\$ 2,139,375
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	330,708	299,346	1,236,476	1,160,916
Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS	140,046	137,515	527,976	533,330
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net (E)	(8,094)	(27,250)	(80,154)	(250,516)
Net income attributable to noncontrolling interest holders in properties	(563)	(845)	(7,218)	(2,984)
Noncontrolling interests portion of depreciation and amortization	(4,159)	(906)	(13,583)	(3,632)
Preferred distributions and dividends	(1,313)	(1,313)	(5,252)	(5,252)
FFO of the Operating Partnership (G)	<u>\$ 912,227</u>	<u>\$ 866,464</u>	<u>\$ 3,792,951</u>	<u>\$ 3,571,237</u>

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

Diluted net income per share	\$ 1.26	\$ 1.27	\$ 5.87	\$ 5.88
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	1.29	1.20	4.84	4.67
Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities, net (F)	(0.02)	(0.07)	(0.22)	(0.69)
Diluted FFO per share (H)	<u>\$ 2.53</u>	<u>\$ 2.40</u>	<u>\$ 10.49</u>	<u>\$ 9.86</u>

Details for per share calculations:

FFO of the Operating Partnership (G)	\$ 912,227	\$ 866,464	\$ 3,792,951	\$ 3,571,237
Diluted FFO allocable to unitholders	(119,780)	(124,266)	(512,361)	(514,044)
Diluted FFO allocable to common stockholders (I)	<u>\$ 792,447</u>	<u>\$ 742,198</u>	<u>\$ 3,280,590</u>	<u>\$ 3,057,193</u>
Basic and Diluted weighted average shares outstanding	313,685	309,419	312,691	310,103
Weighted average limited partnership units outstanding	47,502	51,816	48,836	52,141
Basic and Diluted weighted average shares and units outstanding	<u>361,187</u>	<u>361,235</u>	<u>361,527</u>	<u>362,244</u>
Basic and Diluted FFO per Share (H)	\$ 2.53	\$ 2.40	\$ 10.49	\$ 9.86
<i>Percent Change</i>	5.4%		6.4%	

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 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-K.

- (C) This report contains measures of financial or operating performance that are not specifically defined by GAAP, including FFO, FFO per share, comparable FFO per share and comparable EPS. 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 sales or disposals of, or any impairment charges 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 or disposal of, or any impairment charges relating to, previously depreciated retail operating properties. We include in FFO gains and losses realized from the sale of land, outlot buildings, marketable and non-marketable securities, 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 \$8.8 million and \$1.5 million for the three months ended December 31, 2016 and 2015, respectively, and \$14.0 million and \$6.1 million for the twelve months ended December 31, 2016 and 2015, respectively.
 - Straight-line adjustments increased minimum rent by \$12.5 million and \$17.5 million for the three months ended December 31, 2016 and 2015, respectively, and \$56.8 million and \$65.7 million for the twelve months ended December 31, 2016 and 2015, respectively.
 - Amortization of fair market value of leases from acquisitions increased income by \$2.3 million and \$7.2 million for the three months ended December 31, 2016 and 2015, respectively, and \$9.6 million and \$17.2 million for the twelve months ended December 31, 2016 and 2015, respectively.
 - Debt premium amortization of \$5.1 million and \$4.5 million for the three months ended December 31, 2016 and 2015, respectively, and \$19.0 million and \$22.5 million for the twelve months ended December 31, 2016 and 2015, respectively.
- (E) Gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities for the three and twelve months ended December 31, 2016 was \$8.1 million and \$84.6 million, respectively. Noncontrolling interest portion of the gain for the three and twelve months ended December 31, 2016 was \$0.0 million and \$4.4 million, respectively.
- (F) Includes noncontrolling interests gain upon acquisition of controlling interests and sale or disposal of assets and interests in unconsolidated entities of \$0.01 per share for the twelve months ended December 31, 2016.
- (G) Includes FFO of the operating partnership related to a loss on the extinguishment of debt of \$136.8 million for the three and twelve months ended December 31, 2016. Includes FFO of the operating partnership related to a loss on the extinguishment of debt of \$121.0 million for the three and twelve months ended December 31, 2015 and FFO related to the gain upon sale of marketable securities of \$80.2 million for the twelve months ended December 31, 2015.
- (H) Includes Basic and Diluted FFO per share related to a loss on the extinguishment of debt of \$0.38 for the three and twelve months ended December 31, 2016. Includes Basic and Diluted FFO per share related to a loss on the extinguishment of debt of \$0.33 for the three and twelve months ended December 31, 2015 and FFO related to the gain upon sale of marketable securities of \$0.22 for the twelve months ended December 31, 2015.
- (I) Includes Diluted FFO allocable to common stockholders related to a loss on the extinguishment of debt of \$118.3 million for the three and twelve months ended December 31, 2016. Includes Diluted FFO allocable to common stockholders related to a loss on the extinguishment of debt of \$103.6 million for the three and twelve months ended December 31, 2015.
- (J) Reconciliation of reported earnings per share to comparable earnings per share and FFO per share to comparable FFO per share:

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Reported earnings per share	\$ 1.26	\$ 1.27	\$ 5.87	\$ 5.88
Less: Gain upon sale of marketable securities	-	-	-	(0.22)
Less: Non-cash gain on equity method investment	-	-	-	(0.57)
Add: Loss on extinguishment of debt	0.38	0.33	0.38	0.33
Comparable earnings per share	<u>\$ 1.64</u>	<u>\$ 1.60</u>	<u>\$ 6.25</u>	<u>\$ 5.42</u>
Comparable earnings per share growth	2.5%		15.3%	

	THREE MONTHS ENDED DECEMBER 31,		TWELVE MONTHS ENDED DECEMBER 31,	
	2016	2015	2016	2015
Reported FFO per share	\$ 2.53	\$ 2.40	\$ 10.49	\$ 9.86

Less: Gain upon sale of marketable securities	-	-	-	(0.22)
Add: Loss on extinguishment of debt	<u>0.38</u>	<u>0.33</u>	<u>0.38</u>	<u>0.33</u>
Comparable FFO per share	<u>\$ 2.91</u>	<u>\$ 2.73</u>	<u>\$ 10.87</u>	<u>\$ 9.97</u>
Comparable FFO per share growth	6.6%		9.0%	

To view the original version on PR Newswire, visit: <http://www.prnewswire.com/news-releases/simon-property-group-reports-fourth-quarter-and-full-year-2016-results-and-raises-quarterly-dividend-300399162.html>

SOURCE Simon Property Group, Inc.

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