



Simon Property Group Reports First Quarter Results And Announces Quarterly Dividend

April 26, 2013

INDIANAPOLIS, April 26, 2013 /PRNewswire-FirstCall/ -- Simon Property Group, Inc. (the "Company") (NYSE: SPG) today reported results for the quarter ended March 31, 2013.

- Funds from Operations ("FFO") was \$741.9 million, or \$2.05 per diluted share, as compared to \$648.7 million, or \$1.82 per diluted share, in the prior year period. The FFO increase on a per share basis was 12.6%.
- Net income attributable to common stockholders was \$283.1 million, or \$0.91 per diluted share, as compared to \$645.4 million, or \$2.18 per diluted share, in the prior year period. Results for the first quarter of 2012 include primarily non-cash net gains from acquisitions and dispositions of \$1.39 per share.

"Our Mall and Premium Outlet portfolio generated 4.8% growth in comparable property net operating income for the quarter as well as a 5.3% increase in tenant sales per square foot," said David Simon, chairman and chief executive officer. "Occupancy increased by 110 basis points and leasing activity remains strong. Given these results and factors, as well as our current view for the remainder of 2013, today we are increasing our 2013 guidance."

U.S. Operational Statistics⁽¹⁾

	As of March 31, 2013	As of March 31, 2012	% Increase
Occupancy ⁽²⁾	94.7%	93.6%	+ 110 basis points
Total Sales per Sq. Ft. ⁽³⁾	\$575	\$546	5.3%
Base Minimum Rent per Sq. Ft. ⁽²⁾	\$41.05	\$39.87	3.0%
Releasing Spread per Sq. Ft. ⁽²⁾⁽⁴⁾	\$7.00	\$4.74	+ \$2.26
Releasing Spread (Percentage Change) ⁽²⁾⁽⁴⁾	13.4%	9.7%	+ 370 basis points

(1) Combined information for U.S. Malls and Premium Outlets®.

(2) Represents mall stores in Malls and all owned square footage in Premium Outlets.

(3) Rolling 12-month sales per square foot for mall stores less than 10,000 square feet in Malls and all owned square footage in Premium Outlets.

(4) Same space measure that compares opening and closing rates on individual spaces leased during trailing 12-month period.

Dividends

Today the Company announced that the Board of Directors declared a quarterly common stock dividend of \$1.15 per share. The dividend is payable on May 31, 2013 to stockholders of record on May 17, 2013.

The Company 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 June 28, 2013 to stockholders of record on June 14, 2013.

Development Activity

On April 4th, the Company opened Phoenix Premium Outlets. This center serves the greater Phoenix and Scottsdale areas and is located in Chandler, Arizona on Interstate 10, adjacent to the Wild Horse Pass Hotel & Casino within the Wild Horse Pass Development. Phase I of the project is 100% leased and is comprised of 360,000 square feet with 90 outlet stores featuring high-quality designer and name brands. The Company owns 100% of Phoenix Premium Outlets.

On April 19th, the Company opened Shisui Premium Outlets, its 77th Premium Outlet Center worldwide. The center is located approximately 40 miles from the center of Tokyo, approximately one hour from Tokyo by car. Phase I of the project is 100% leased and is comprised of 234,000 square feet with 120 stores featuring a mix of international brands, Japanese brands and restaurants. The Company owns a 40% interest in this project, its ninth Premium Outlet Center in Japan.

Construction continues on three new Premium Outlet Centers, all scheduled to open in 2013:

- Toronto Premium Outlets in Halton Hills (Toronto), Canada is a 360,000 square foot center that will house over 100 high quality outlet stores. The center is expected to be the Canadian entry point for selected upscale, U.S. retailers and designer brands and is 85% leased. The Company owns a 50% interest in this project which will open on August 1st.
- St. Louis Premium Outlets in Chesterfield (St. Louis), Missouri is located on the south side of I-64/US Highway 40 east of the Daniel Boone Bridge. The center's first phase of 350,000 square feet with 85 stores is 96% leased and will open on August 22nd. St. Louis Premium Outlets is a part of Chesterfield Blue Valley, a mixed-use development to include office space, hotel, restaurant and entertainment venues. The Company owns a 60% interest in the project.
- Busan Premium Outlets in Busan, Korea is a 340,000 square foot center that will serve southeastern Korea, including the cities of Busan, Ulsan and Daegu, as well as local and overseas visitors. The center will open in late August. The Company owns a 50% interest in this project, which will be its third Premium Outlet Center in Korea.

Redevelopment and expansion projects, including the addition of anchors and big box tenants, are underway at 44 properties in the U.S. and two properties in Asia. The Company's share of the cost of these projects is approximately \$1 billion. During the first quarter of 2013, significant projects were completed at Apple Blossom Mall, Quaker Bridge Mall and South Hills Village.

2013 Guidance

Today the Company updated and raised its guidance for 2013, estimating that FFO will be within a range of \$8.50 to \$8.60 per diluted share for the year ending December 31, 2013, and diluted net income will be within a range of \$3.70 to \$3.80 per share. This represents an increase of \$0.10 per share for both the low and high end of the ranges previously provided.

The following table provides the reconciliation of the ranges of estimated diluted net income available to common stockholders per share to estimated diluted FFO per share.

For the year ending December 31, 2013

	Low End	High End
Estimated diluted net income available to common stockholders per share	\$3.70	\$3.80
Depreciation and amortization including the Company's share of unconsolidated entities	4.86	4.86

Gain upon sale or disposal of assets and interests in unconsolidated entities, net	(0.06)	(0.06)
Estimated diluted FFO per share	<u>\$8.50</u>	<u>\$8.60</u>

Conference Call

The Company will provide an online simulcast of its quarterly conference call at www.simon.com (Investors tab), www.earnings.com, and www.streetevents.com. To listen to the live call, please go to any of these websites at least fifteen minutes prior to the call to register, download and install any necessary audio software. The call will begin at 9:00 a.m. Eastern Time (New York time) today, April 26, 2013. An online replay will be available for approximately 90 days at www.simon.com, www.earnings.com, and www.streetevents.com. A fully searchable podcast of the conference call will also be available at www.REITcafe.com.

Supplemental Materials and Website

The Company has prepared a supplemental information package which is available at www.simon.com in the Investors section, Financial Information tab. It has also been furnished to the SEC as part of a current report on Form 8-K. If you wish to receive a copy via mail or email, please call 800-461-3439.

We routinely post important information for investors on our website, www.simon.com, in the "Investors" section. We use this website as a means of disclosing material, non-public information and for complying with our disclosure obligations under Regulation FD. Accordingly, investors should monitor the Investor Relations section of our website, in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on, or that may be 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 and comparable property net operating income growth, which are financial performance measures not defined by accounting principles generally accepted in the United States ("GAAP"). Reconciliations of these measures to the most directly comparable GAAP measures are included within this press release or the Company's supplemental information package. FFO and comparable property net operating income growth are financial performance measures widely used in the REIT industry. Our computation 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 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, 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 climates, changes in market rental rates, 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, costs of common area maintenance, intensely competitive market environment in the retail industry, risks related to international activities, insurance costs and coverage, 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 otherwise 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.

Simon Property Group

Simon Property Group, Inc. (NYSE:SPG) is an S&P 100 company and the largest real estate company in the world. The Company currently owns or has an interest in 327 retail real estate properties in North America and Asia comprising 242 million square feet. We are headquartered in Indianapolis, Indiana and employ approximately 5,500 people in the U.S. For more information, visit the Simon Property Group website at www.simon.com.

Simon Property Group, Inc. and Subsidiaries

*Unaudited Consolidated Statements of Operations
(Dollars in thousands, except per share amounts)*

	For the Three Months Ended March 31,	
	2013	2012
REVENUE:		
Minimum rent	\$ 777,907	\$ 702,098
Overage rent	37,699	27,680
Tenant reimbursements	338,969	306,388
Management fees and other revenues	29,729	32,287
Other income	30,754	50,516
Total revenue	1,215,058	1,118,969
EXPENSES:		
Property operating	109,910	104,740
Depreciation and amortization	316,633	285,109
Real estate taxes	109,705	98,702
Repairs and maintenance	29,725	25,641
Advertising and promotion	21,259	21,098
Provision for credit losses	2,734	3,545
Home and regional office costs	34,894	32,858
General and administrative	14,509	13,889
Other	18,000	16,666
Total operating expenses	657,369	602,248
OPERATING INCOME	557,689	516,721
Interest expense	(285,026)	(258,079)
Income and other taxes	(13,193)	(2,003)
Income from unconsolidated entities	54,231	30,353
Gain upon acquisition of controlling interests, sale or disposal of assets and interests in unconsolidated entities, and impairment charge on investment in unconsolidated entities, net	20,767	494,837 (A)
CONSOLIDATED NET INCOME	334,468	781,829
Net income attributable to noncontrolling interests	50,496	135,585
Preferred dividends	834	834

NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	<u><u>\$ 283,138</u></u>	<u><u>\$ 645,410</u></u>
BASIC EARNINGS PER COMMON SHARE:		
Net income attributable to common stockholders	<u><u>\$ 0.91</u></u>	<u><u>\$ 2.18</u></u>
DILUTED EARNINGS PER COMMON SHARE:		
Net income attributable to common stockholders	<u><u>\$ 0.91</u></u>	<u><u>\$ 2.18</u></u>

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

	<u>March 31,</u> <u>2013</u>	<u>December 31,</u> <u>2012</u>
ASSETS:		
Investment properties at cost	\$ 34,386,654	\$ 34,252,521
Less - accumulated depreciation	<u>9,297,731</u>	<u>9,068,388</u>
	25,088,923	25,184,133
Cash and cash equivalents	829,966	1,184,518
Tenant receivables and accrued revenue, net	454,110	521,301
Investment in unconsolidated entities, at equity	2,001,506	2,108,966
Investment in Klepierre, at equity	1,991,533	2,016,954
Deferred costs and other assets	<u>1,520,085</u>	<u>1,570,734</u>
Total assets	<u><u>\$ 31,886,123</u></u>	<u><u>\$ 32,586,606</u></u>
LIABILITIES:		
Mortgages and unsecured indebtedness	\$ 22,572,615	\$ 23,113,007
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,231,298	1,374,172
Cash distributions and losses in partnerships and joint ventures, at equity	825,220	724,744
Other liabilities	<u>246,300</u>	<u>303,588</u>
Total liabilities	<u><u>24,875,433</u></u>	<u><u>25,515,511</u></u>
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	187,411	178,006
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	44,636	44,719
Common stock, \$ 0.0001 par value, 511,990,000 shares authorized, 313,793,178 and 313,658,419 issued and outstanding, respectively	31	31
Class B common stock, \$ 0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	9,182,789	9,175,724
Accumulated deficit	(3,164,876)	(3,083,190)
Accumulated other comprehensive loss	(82,734)	(90,900)
Common stock held in treasury at cost, 3,753,307 and 3,762,595 shares, respectively	<u>(134,320)</u>	<u>(135,781)</u>
Total stockholders' equity	5,845,526	5,910,603
Noncontrolling interests	<u>977,753</u>	<u>982,486</u>
Total equity	<u><u>6,823,279</u></u>	<u><u>6,893,089</u></u>
Total liabilities and equity	<u><u>\$ 31,886,123</u></u>	<u><u>\$ 32,586,606</u></u>

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

	For the Three Months	
	Ended March 31,	
	<u>2013</u>	<u>2012</u>
Revenue:		
Minimum rent	\$ 394,153	\$ 357,977
Overage rent	47,767	48,556
Tenant reimbursements	184,399	166,530
Other income	<u>42,074</u>	<u>50,336</u>
Total revenue	<u><u>668,393</u></u>	<u><u>623,399</u></u>
Operating Expenses:		
Property operating	115,869	114,833
Depreciation and amortization	127,686	126,978
Real estate taxes	54,706	45,100
Repairs and maintenance	16,164	14,424
Advertising and promotion	<u>15,921</u>	<u>15,206</u>

Provision for credit losses	1,245	1,192
Other	<u>35,682</u>	<u>53,495</u>
Total operating expenses	<u>367,273</u>	<u>371,228</u>
Operating Income	301,120	252,171
Interest expense	<u>(147,486)</u>	<u>(153,711)</u>
Income from Continuing Operations	153,634	98,460
Loss from operations of discontinued joint venture interests	<u>(320)</u>	<u>(13,511)</u>
Net Income	<u>\$ 153,314</u>	<u>\$ 84,949</u>
Third-Party Investors' Share of Net Income	<u>\$ 83,766</u>	<u>\$ 40,012</u>
Our Share of Net Income	69,548	44,937
Amortization of Excess Investment (B)	<u>(24,829)</u>	<u>(14,584)</u>
Income from Unconsolidated Entities (C)	<u>\$ 44,719</u>	<u>\$ 30,353</u>

Note: The above financial presentation does not include any information related to our investment in Klepierre S.A. ("Klepierre"). For additional information, see footnote C attached hereto.

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

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Assets:		
Investment properties, at cost	\$ 14,534,275	\$ 14,607,291
Less - accumulated depreciation	<u>4,950,896</u>	<u>4,926,511</u>
	9,583,379	9,680,780
Cash and cash equivalents	492,445	619,546
Tenant receivables and accrued revenue, net	208,080	252,774
Investment in unconsolidated entities, at equity	39,274	39,589
Deferred costs and other assets	<u>359,548</u>	<u>438,399</u>
Total assets	<u>\$ 10,682,726</u>	<u>\$ 11,031,088</u>
Liabilities and Partners' Deficit:		
Mortgages and other indebtedness	\$ 11,868,575	\$ 11,584,863
Accounts payable, accrued expenses, intangibles, and deferred revenue	538,672	672,483
Other liabilities	<u>350,738</u>	<u>447,132</u>
Total liabilities	12,757,985	12,704,478
Preferred units	67,450	67,450
Partners' deficit	<u>(2,142,709)</u>	<u>(1,740,840)</u>
Total liabilities and partners' deficit	<u>\$ 10,682,726</u>	<u>\$ 11,031,088</u>
Our Share of:		
Partners' deficit	\$ (969,136)	\$ (799,911)
Add: Excess Investment (B)	<u>2,145,422</u>	<u>2,184,133</u>
Our net Investment in unconsolidated entities, at equity	<u>\$ 1,176,286</u>	<u>\$ 1,384,222</u>

Note: The above financial presentation does not include any information related to our investment in Klepierre. For additional information, see footnote C attached hereto.

Simon Property Group, Inc. and Subsidiaries
Unaudited Reconciliation of Non-GAAP Financial Measures (D)
(Amounts in thousands, except per share amounts)

Reconciliation of Consolidated Net Income to FFO

	<u>For the Three Months Ended Ended March 31,</u>	
	<u>2013</u>	<u>2012</u>
Consolidated Net Income (E)	\$ 334,468	\$ 781,829
Adjustments to Arrive at FFO:		
Depreciation and amortization from consolidated properties	312,585	281,349
Our share of depreciation and amortization from unconsolidated entities, including Klepierre	121,549	86,141
Gain upon acquisition of controlling interests, sale or disposal of assets and interests in unconsolidated entities, and impairment charge on investment in unconsolidated entities, net	(20,767)	(494,837)
Net income attributable to noncontrolling interest holders in properties	(2,461)	(2,109)
Noncontrolling interests portion of depreciation and amortization	(2,173)	(2,408)
Preferred distributions and dividends	<u>(1,313)</u>	<u>(1,313)</u>
FFO of the Operating Partnership	<u>\$ 741,888</u>	<u>\$ 648,652</u>

Diluted net income per share to diluted FFO per share reconciliation:		
Diluted net income per share	\$ 0.91	\$ 2.18
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klepierre, net of noncontrolling interests portion of depreciation and amortization	1.20	1.03
Gain upon acquisition of controlling interests, sale or disposal of assets and interests in unconsolidated entities, and impairment charge on investment in unconsolidated entities, net	(0.06)	(1.39)
Diluted FFO per share	\$ 2.05	\$ 1.82

Details for per share calculations:		
FFO of the Operating Partnership	\$ 741,888	\$ 648,652
Diluted FFO allocable to unitholders	(106,688)	(110,827)
Diluted FFO allocable to common stockholders	<u>\$ 635,200</u>	<u>\$ 537,825</u>
Basic weighted average shares outstanding	309,987	295,694
Adjustments for dilution calculation:		
Effect of stock options	-	1
Diluted weighted average shares outstanding	<u>309,987</u>	<u>295,695</u>
Weighted average limited partnership units outstanding	52,065	60,932
Diluted weighted average shares and units outstanding	<u>362,052</u>	<u>356,627</u>
Basic FFO per Share	\$ 2.05	\$ 1.82
Percent Change	12.6%	
Diluted FFO per Share	\$ 2.05	\$ 1.82
Percent Change	12.6%	

Simon Property Group, Inc. and Subsidiaries
Footnotes to Unaudited Reconciliation of Non-GAAP Financial Measures

Notes:

- (A) 2012 primarily represents non-cash gains resulting from our acquisition/disposition activity and the remeasurement of our previously held interest to fair value for those properties in which we now have a controlling interest.
- (B) 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. We generally amortize excess investment over the life of the related properties.
- (C) 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 investment in Klepierre. Amounts included in Footnote E below exclude our share of related activity for our investment in Klepierre. For further information, reference should be made to financial information in Klepierre's public filings and additional discussion and analysis in our Form 10-Q.
- (D) 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 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.

- (E) Includes our share of:
- Gains on land sales of \$0.4 million and \$3.2 million for the three months ended March 31, 2013 and 2012, respectively
 - Straight-line adjustments to minimum rent of \$12.8 million and \$8.8 million for the three months ended March 31, 2013 and 2012, respectively
 - Amortization of fair market value of leases from acquisitions of \$10.7 million and \$5.1 million for the three months ended March 31, 2013 and 2012, respectively and
 - Debt premium amortization of \$10.9 million and \$6.7 million for the three months ended March 31, 2013 and 2012, respectively.

SOURCE Simon Property Group, Inc.

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