

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2003

SIMON PROPERTY GROUP, L.P.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation or organization)

33-11491
(Commission File No.)

34-1755769
(I.R.S. Employer Identification No.)

National City Center
115 West Washington Street, Suite 15 East
Indianapolis, Indiana 46204
(Address of principal executive offices)

(317) 636-1600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. **YES** **NO**

Indicate by check mark whether Registrant is an accelerated filer (as defined by Rule 12b-2 of the Securities Exchange Act of 1934). **YES** **NO**

SIMON PROPERTY GROUP, L.P.

FORM 10-Q

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Simon Property Group, L.P.
Unaudited Consolidated Balance Sheets
(Dollars in thousands, except unit amounts)

	September 30, 2003	December 31, 2002
ASSETS:		
Investment properties, at cost	\$ 14,660,494	\$ 14,085,810
Less — accumulated depreciation	2,457,961	2,204,743
	<u>12,202,533</u>	<u>11,881,067</u>
Cash and cash equivalents	350,567	390,644
Tenant receivables and accrued revenue, net	273,866	308,632
Notes and advances receivable from Management Company and affiliates	—	75,105
Investment in unconsolidated entities, at equity	1,486,319	1,658,204
Goodwill, net	37,212	37,212
Deferred costs, other assets, and minority interest, net	591,838	390,252
	<u>591,838</u>	<u>390,252</u>
Total assets	\$ 14,942,335	\$ 14,741,116
LIABILITIES:		
Mortgages and other indebtedness	\$ 10,000,254	\$ 9,546,081
Accounts payable, accrued expenses, and deferred revenues	619,141	623,133
Cash distributions and losses in partnerships and joint ventures, at equity	17,798	13,898
Other liabilities, minority interest, and accrued dividends	187,746	229,808
	<u>187,746</u>	<u>229,808</u>
Total liabilities	10,824,939	10,412,920
COMMITMENTS AND CONTINGENCIES (Note 8)		
PARTNERS' EQUITY:		
Preferred units, 22,031,747 and 22,031,847 units outstanding, respectively. Liquidation values \$1,008,848 and \$1,008,858, respectively	965,453	965,106
General Partner, 187,530,658 and 183,872,596 units outstanding, respectively	2,461,698	2,574,209
Limited Partners, 60,731,283 and 63,746,013 units outstanding, respectively	797,214	892,442
Note receivable from Simon Property (interest at 7.8%, due 2009)	(91,536)	(92,825)
Unamortized restricted stock award	(15,433)	(10,736)
	<u>(15,433)</u>	<u>(10,736)</u>
Total partners' equity	4,117,396	4,328,196
Total liabilities and partners' equity	\$ 14,942,335	\$ 14,741,116

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.
Unaudited Consolidated Statements of Operations and Comprehensive Income
(Dollars in thousands, except per unit amounts)

	Ended September 30,		Ended September 30,	
	2003	2002	2003	2002
REVENUE:				
Minimum rent	\$ 334,534	\$ 322,501	\$ 993,859	\$ 932,608
Overage rent	9,578	9,584	24,390	24,506
Tenant reimbursements	173,216	162,195	500,850	463,203
Management fees and other revenues	19,102	—	59,202	—
Other income	27,255	43,748	80,273	104,157
Total revenue	563,685	538,028	1,658,574	1,524,474
EXPENSES:				
Property operating	85,886	83,706	245,631	230,797
Depreciation and amortization	126,772	122,506	370,685	343,607
Real estate taxes	56,395	52,933	166,507	154,589
Repairs and maintenance	18,678	18,355	61,690	52,496
Advertising and promotion	14,177	14,060	37,819	37,033
Provision for credit losses	2,250	2,124	11,015	6,780
Home and regional office costs	17,688	10,514	56,571	32,465
General and administrative	4,030	790	11,108	2,587
Costs related to withdrawn tender offer (Note 8)	10,500	—	10,500	—
Other	5,756	6,201	17,814	19,704
Total operating expenses	342,132	311,189	989,340	880,058
OPERATING INCOME	221,553	226,839	669,234	644,416
Interest expense	149,213	151,831	452,026	449,160
Income before minority interest	72,340	75,008	217,208	195,256
Minority interest	(888)	(1,811)	(3,307)	(6,369)
Gain (loss) on sales of assets and other, net (Note 9)	(5,145)	77	(5,122)	169,239
Gain (loss) from debt related transactions, net	—	(1,790)	—	14,349
Income tax expense of taxable REIT subsidiaries	(2,422)	—	(6,450)	—
Income before unconsolidated entities	63,885	71,484	202,329	372,475
Loss from MerchantWired, LLC, net (Note 5)	—	—	—	(32,742)
Income from other unconsolidated entities	24,559	21,889	71,895	64,786
Income before discontinued operations	88,444	93,373	274,224	404,519
Results of operations from discontinued operations	329	2,248	1,774	6,396
Loss on disposal or sale of discontinued operations, net	(12,935)	—	(25,693)	—
NET INCOME	75,838	95,621	250,305	410,915
Preferred unit requirement	(18,518)	(18,518)	(55,553)	(57,023)
NET INCOME AVAILABLE TO UNITHOLDERS	\$ 57,320	\$ 77,103	\$ 194,752	\$ 353,892
NET INCOME AVAILABLE TO UNITHOLDERS ATTRIBUTABLE TO:				
General Partner	\$ 43,325	\$ 57,835	\$ 146,632	\$ 259,850
Limited Partners	13,995	19,268	48,120	94,042
Net income	\$ 57,320	\$ 77,103	\$ 194,752	\$ 353,892
BASIC EARNINGS PER UNIT:				
Income before discontinued operations	\$ 0.28	\$ 0.30	\$ 0.88	\$ 1.44
Net income	\$ 0.23	\$ 0.31	\$ 0.78	\$ 1.47
DILUTED EARNINGS PER UNIT:				
Income before discontinued operations	\$ 0.28	\$ 0.30	\$ 0.88	\$ 1.44
Net income	\$ 0.23	\$ 0.31	\$ 0.78	\$ 1.47
Net Income	\$ 75,838	\$ 95,621	\$ 250,305	\$ 410,915
Unrealized gain (loss) on interest rate hedge agreements	3,415	(680)	21,208	(1,099)
Net (income) loss on derivative instruments reclassified from accumulated other comprehensive income (loss) into interest expense	(138)	862	(3,591)	3,854
Currency translation adjustment	9,474	24	6,363	58

Comprehensive Income	\$	87,075	\$	95,827	\$	275,821	\$	413,728
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The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.
Unaudited Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Nine Months Ended September 30,			
	2003	2002		
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income	\$	250,305	\$	410,915
Adjustments to reconcile net income to net cash provided by operating activities —				
Depreciation and amortization		384,529		361,266
Gain from debt related transactions		—		(14,317)
(Gain) Loss on sales of assets and other, net		5,122		(169,239)
Loss on disposal or sale of discontinued operations, net		25,693		—
Straight-line rent		(2,352)		(4,041)
Minority interest		3,307		6,369
Minority interest distributions		(3,788)		(9,506)
Equity in income of unconsolidated entities		(71,895)		(32,044)
Distributions of income from unconsolidated entities		63,830		53,680
Changes in assets and liabilities —				
Tenant receivables and accrued revenue		59,327		53,195
Deferred costs and other assets		(77,793)		(3,965)
Accounts payable, accrued expenses, deferred revenues and other liabilities		(122,469)		(128,014)
Net cash provided by operating activities		513,816		524,299
CASH FLOWS FROM INVESTING ACTIVITIES:				
Acquisitions		(507,518)		(1,127,474)
Capital expenditures, net		(214,101)		(153,616)
Cash from acquisitions		—		9,272
Cash from consolidation of the Management Company		48,910		—
Net proceeds from sale of assets, partnership interest, and discontinued operations		91,813		422,539
Investments in unconsolidated entities		(77,561)		(65,781)
Distributions of capital from unconsolidated entities and other		130,791		163,766
Notes and advances to the Management Company and affiliate		—		(9,436)
Net cash used in investing activities		(527,666)		(760,730)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Partnership contributions and issuance of units		5,324		340,493
Partnership distributions		(502,168)		(448,550)
Minority interest contributions		—		641
Mortgage and other note proceeds, net of transaction costs		1,667,308		2,394,416
Mortgage and other note principal payments		(1,196,691)		(2,082,963)
Net cash provided by (used in) financing activities		(26,227)		204,037
DECREASE IN CASH AND CASH EQUIVALENTS		(40,077)		(32,394)
CASH AND CASH EQUIVALENTS, beginning of period		390,644		252,172
CASH AND CASH EQUIVALENTS, end of period	\$	350,567	\$	219,778

The accompanying notes are an integral part of these statements.

SIMON PROPERTY GROUP, L.P.

Condensed Notes to Unaudited Consolidated Financial Statements

(Dollars in thousands, except unit and per unit amounts and where indicated as in millions or billions)

1. Organization

Simon Property Group, L.P. (the "Operating Partnership"), a Delaware limited partnership, is a majority owned subsidiary of Simon Property Group, Inc. ("Simon Property"), a Delaware corporation. Simon Property is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). In these notes, the terms "we", "us" and "our" refer to the Operating Partnership and its subsidiaries.

We are engaged primarily in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties. Our real estate properties consist primarily of regional malls and community shopping centers. As of September 30, 2003, we owned or held an interest in 238 income-producing properties in the United States, which consisted of 169 regional malls, 64 community shopping centers, and five office and mixed-use properties in 36 states (collectively, the "Properties", and individually, a "Property"). Mixed-use properties are properties whose operating income includes two or more significant retail, office, and/or hotel components. We also own interests in four parcels of land held for future development (together with the Properties, the "Portfolio"). In addition, we have ownership interests in other real estate assets and ownership interests in nine retail real estate properties operating in Europe and Canada.

M.S. Management Associates, Inc. (the "Management Company") provides leasing, management, and development services as well as project management, accounting, legal, marketing, and management information system services to most of the Properties. In addition, insurance subsidiaries of the Management Company reinsure the self-insured retention portion of our general liability and workers' compensation programs. Third party providers provide coverage above the insurance subsidiaries' limits.

Structural Simplification

On January 1, 2003, we acquired all of the remaining equity interests of the Management Company from three Simon family members for a total purchase price of \$425, which was equal to the appraised value of the interests as determined by an independent third party. The acquisition was approved by the independent directors of Simon Property. As a result, the Management Company is now our wholly owned consolidated taxable REIT subsidiary.

2. Basis of Presentation

The accompanying financial statements are unaudited. However, we prepared the accompanying financial statements in accordance with accounting principles generally accepted in the United States for interim financial information, the rules and regulations of the Securities and Exchange Commission, and the accounting policies described in our financial statements for the year ended December 31, 2002 as filed with the Securities and Exchange Commission. They do not include all of the disclosures required by accounting principles generally accepted in the United States for complete financial statements.

The accompanying unaudited financial statements of the Operating Partnership include the Operating Partnership and its subsidiaries. In our opinion, all adjustments necessary for fair presentation, consisting of only normal recurring adjustments, have been included. We eliminated all significant intercompany amounts. The results for the interim period ended September 30, 2003 are not necessarily indicative of the results to be obtained for the full fiscal year.

As of September 30, 2003, of our 238 Properties we consolidated 158 wholly-owned Properties and 11 less than wholly-owned Properties which we control, and we accounted for 69 Properties using the equity method. We manage the day-to-day operations of 59 of the 69 equity method Properties.

We allocate our net operating results after preferred distributions based on Simon Property's and the limited partners' respective ownership interests. Simon Property's weighted average and actual direct and indirect ownership interest in us was as follows:

<i>Weighted Average for the Nine Months Ended September 30,</i>		<i>As of September 30,</i>		<i>As of December 31,</i>	
2003	2002	2003	2002		
75.3%	73.4%	75.5%	74.3%		

Preferred distributions in the accompanying statements of operations and cash flows represent distributions on outstanding preferred units.

We made certain reclassifications of prior period amounts in the financial statements to conform to the 2003 presentation. These include reclassifying certain home office and regional office costs, and general and administrative expenses, the adoption of SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections" ("SFAS No. 145") and presenting results of operations from discontinued operations in accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets."

As a result of the consolidation of the Management Company, we have elected to present "home and regional office costs" and "general and administrative" expenses as separate expense captions. In 2002, "home and regional office costs" and "general and administrative" expenses incurred related to consolidated Properties were included in "Property operating" expense. These expenses through September 30, 2002 have been reclassified to conform with the current year presentation. "Home and regional office costs" include salary and benefits, office rent, office expenses and information services expenses incurred in our home office and regional offices. "General and administrative" expenses represent the costs of operating as a public company and include such items as stock exchange fees, public and investor relations expenses, certain executive officers' compensation expenses, audit fees, and legal fees.

Effective January 1, 2003, we adopted SFAS No. 145 and therefore we have reclassified for all periods presented in the accompanying consolidated statements of operations and comprehensive income those items which no longer qualify as extraordinary items to income from continuing operations. In 2002,

we reclassified \$14.3 million of gains from debt extinguishments of consolidated Properties to "Gains from debt related transactions, net." The adoption of SFAS No. 145 had no impact on net income previously reported.

As a result of our disposition activities in 2003 discussed in Note 9, we reclassified the results of operations of the ten Properties sold to discontinued operations which is presented as a separate line in the accompanying statements of operations and comprehensive income for all periods presented.

3. Per Unit Data

We determine basic earnings per unit of partnership interest ("Unit" or "Units") on the weighted average number of Units outstanding during the period. We determine diluted earnings per Unit on the weighted average number of Units outstanding combined with the incremental weighted average Units that would have been outstanding

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assuming all dilutive potential Units were converted into Units at the earliest date possible. The following table sets forth the weighted average Units used in the computation of our basic and diluted earnings per Unit.

	<i>For The Three Months Ended September 30,</i>		<i>For the Nine Months Ended September 30,</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
Net Income available to Unitholders — Basic	\$57,320	\$77,103	\$194,752	\$353,892
Effect of dilutive securities:				
Impact from all dilutive securities	—	—	—	1,470
Net Income available to Unitholders — Diluted	\$57,320	\$77,103	\$194,752	\$355,362
Weighted Average Units — Basic	248,233,296	247,608,832	248,066,922	240,162,476
Effect of stock options	894,631	729,453	786,343	677,825
Effect of convertible preferred Units (1)	—	—	—	1,227,992
Weighted Average Units — Diluted	249,127,927	248,338,285	248,853,265	242,068,293

(1) Only Series A convertible preferred units were dilutive for the nine-months ended September 30, 2002.

	<i>For The Three Months Ended September 30,</i>		<i>For the Nine Months Ended September 30,</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
Basic and diluted per Unit amounts:				
Discontinued operations	\$(0.05)	\$0.01	\$(0.10)	\$0.03

For the period ending September 30, 2003, potentially dilutive securities include the Series B convertible preferred Units and certain preferred Units of limited partnership interest of the Operating Partnership. However, these securities were not dilutive during any period presented.

4. Cash and Cash Flow Information

Our balance of cash and cash equivalents as of September 30, 2003 included \$87.8 million and as of December 31, 2002 included \$171.2 million related to our gift card and certificate programs, which we do not consider available for general working capital purposes.

5. Investment in Unconsolidated Entities

Real Estate Joint Ventures

Joint ventures are common in the real estate industry. We use joint ventures to finance properties and diversify our risk in a particular property or trade area. We may also use joint ventures in the development of new properties. We held joint venture ownership interests in 69 Properties as of September 30, 2003 and 68 as of December 31, 2002. Since we do not fully control these joint venture Properties, accounting principles generally accepted in the United States currently require that we account for these Properties on the equity method. See Note 10 for discussion on the impact of new accounting pronouncements on consolidation principles. Substantially all of our joint venture Properties are subject to rights of first refusal, buy-sell provisions, or other sale rights for partners which are customary in real estate partnership agreements and the industry. Our partners in these joint ventures may initiate these provisions at any time, which will result in either the sale of or the use of available cash or borrowings to acquire the partnership interest.

Summary financial information of the joint ventures and a summary of our investment in and share of income from such joint ventures follow. This information includes the 69 joint venture interests mentioned above, which includes Mall of America (see Note 8), as well as other joint venture real estate assets and ownership interests in nine retail properties operating in Europe and Canada. We condensed into separate line items major captions of the statements of operations for joint venture interests sold or consolidated, when we have acquired an additional interest in the joint venture and have as a result, gained control of the Property. We reclassified these line items into

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"Discontinued Joint Venture Interests", so that we may present comparative results of operations for those joint venture interests held as of September 30, 2003.

	<i>September 30, 2003</i>	<i>December 31, 2002</i>
BALANCE SHEETS		
Assets:		
Investment properties, at cost	\$8,826,865	\$8,157,283
Less — accumulated depreciation	1,570,167	1,327,751
	7,256,698	6,829,532
Cash and cash equivalents	247,050	199,209
Tenant receivables	202,425	199,421
Investment in unconsolidated entities	19,355	6,966
Other assets	207,854	190,541
	7,933,382	\$7,425,669
Total assets	\$7,933,382	\$7,425,669
Liabilities and Partners' Equity:		
Mortgages and other notes payable	\$5,764,397	\$5,306,465
Accounts payable and accrued expenses	269,780	289,126
Other liabilities	84,210	73,559
	6,118,387	5,669,150
Total liabilities	6,118,387	5,669,150
Preferred Units	152,450	125,000
Partners' equity	1,662,545	1,631,519
	7,933,382	\$7,425,669
Total liabilities and partners' equity	\$7,933,382	\$7,425,669
Our Share of:		
Total assets	\$3,248,423	\$3,121,271
Partners' equity	\$657,616	\$717,061
Add: Excess Investment, net	810,905	831,728
	\$1,468,521	\$1,548,789
Our net Investment in Joint Ventures	\$1,468,521	\$1,548,789
Mortgages and other notes payable	\$2,382,622	\$2,279,609

"Excess Investment" represents the unamortized difference of our investment over our share of the equity in the underlying net asset of the joint ventures acquired. We amortize excess investment over the life of the related Properties, typically 35 years, and the amortization is included in income from unconsolidated entities.

STATEMENTS OF OPERATIONS	<i>For the Three Months Ended September 30,</i>		<i>For the Nine Months Ended September 30,</i>	
	<i>2003</i>	<i>2002</i>	<i>2003</i>	<i>2002</i>
Revenue:				
Minimum rent	\$ 220,789	\$ 205,484	\$ 649,292	\$ 578,084
Overage rent	5,396	5,733	14,390	13,310
Tenant reimbursements	120,047	104,767	338,874	291,518
Other income	51,344	14,020	146,634	32,335
	397,576	330,004	1,149,190	915,247
Total revenue	397,576	330,004	1,149,190	915,247
Operating Expenses:				
Property operating	77,904	57,560	214,501	155,368
Depreciation and amortization	67,103	58,928	196,814	170,606
Real estate taxes	34,039	31,559	104,525	92,018
Repairs and maintenance	18,205	18,268	56,852	47,395
Advertising and promotion	10,139	9,264	27,474	23,692
Provision for credit losses	3,394	1,499	9,354	3,920
Other	17,889	8,292	58,364	20,094
	228,673	185,370	667,884	513,093
Total operating expenses	228,673	185,370	667,884	513,093
Operating Income	168,903	144,634	481,306	402,154
Interest Expense	91,119	88,600	270,988	247,803

Income Before Minority Interest and Unconsolidated Entities	77,784	56,034	210,318	154,351
Income from unconsolidated entities	3,019	(1,667)	7,209	(160)
Minority interest	(178)	(389)	(539)	(389)
Income From Continuing Operations	80,625	53,978	216,988	153,802
Income from Discontinued Joint Venture Interests	16	1,065	1,295	15,363
Net Income	\$80,641	\$55,043	\$218,283	\$169,165
Third-Party Investors' Share of Net Income	\$50,889	\$32,188	\$128,386	\$99,850
Our Share of Net Income	\$29,752	\$22,855	89,897	69,315
Amortization of Excess Investment	5,193	5,711	18,002	17,203
Income from Unconsolidated Entities	\$24,559	\$17,144	\$71,895	\$52,112

Management Company

We consolidated the Management Company effective January 1, 2003. Therefore, the consolidated unaudited balance sheet as of September 30, 2003 and the unaudited statements of operations and comprehensive income, and statements of cash flows for the periods ended September 30, 2003 include the balance sheet and results of operations of the Management Company. Revenues of the Management Company, after intercompany eliminations, consist primarily of management fee revenues earned and are typically based upon the revenues of the property being managed. As a result of the consolidation of the Management Company, we have elected to present "management fees and other revenues" as a separate revenue caption. Substantially all of these revenues are derived from the management of unconsolidated joint venture Properties. We consolidated the Management Company as of January 1, 2003 at historical book values because the transaction occurred with the initial sponsors of Simon Property. The assets of the Management Company as of January 1, 2003 of approximately \$200 million, after intercompany eliminations, consisted primarily of the investments of its insurance subsidiaries, investments in unconsolidated entities, a net deferred tax asset, and fixed assets. The liabilities of the Management Company as of January 1, 2003 of approximately \$50 million, after intercompany eliminations, consisted primarily of the reserves of its insurance subsidiaries and accounts payable and accrued expenses.

Prior to January 1, 2003, we accounted for our interest in the Management Company under the equity method of accounting. Our net investment in the Management Company, excluded from the tables above, was \$95.5 million as of December 31, 2002. Our share of the Management Company's consolidated net loss, including MerchantWired LLC

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(a joint venture discontinued in 2002), after intercompany profit eliminations during the three month and nine month periods ended September 30, 2002 is presented below:

	<i>For the Three Month Period Ended September 30, 2002</i>	<i>For the Nine Month Period Ended September 30, 2002</i>
Our share of:		
Management Company income excluding losses from MerchantWired LLC	\$ 4,745	\$ 12,674
Losses from MerchantWired LLC	—	(32,742)
Total net income (loss)	\$ 4,745	\$ (20,068)

The losses from MerchantWired LLC for the nine-months ended September 30, 2002 presented above and in the accompanying statements of operations and comprehensive income include our indirect share of the operating losses of MerchantWired LLC of \$10.2 million, after a tax benefit of \$6.2 million. The operating losses include our share of an impairment charge of \$4.2 million, after tax. Finally, the losses from MerchantWired LLC include our indirect share of the write-off of the technology investment in MerchantWired LLC of \$22.5 million, after a tax benefit of \$9.4 million.

6. Debt

On March 18, 2003, we issued two tranches of senior unsecured notes to institutional investors pursuant to Rule 144A totaling \$500.0 million at a weighted average fixed interest rate of 5.11%. Subsequently, we exchanged notes that had been registered under the Securities Act of 1933 for the Rule 144A notes. The exchange notes and the Rule 144A notes have the same economic terms and conditions. The first tranche is \$300.0 million at a fixed interest rate of 4.875% due March 18, 2010 and the second tranche is \$200.0 million at a fixed interest rate of 5.45% due March 15, 2013. The net proceeds from this offering were \$498.7 million, of which \$440.0 million was used to reduce borrowings on our \$1.25 billion unsecured credit facility (the "Credit Facility").

On April 1, 2003, we paid off \$100.0 million of 7.05% unsecured notes that matured on that date with the remaining portion of the proceeds from the senior unsecured notes mentioned above and available working capital. On June 15, 2003, we paid off \$375.0 million of 6.625% unsecured notes that matured on that date with borrowings from our Credit Facility.

On April 1, 2003, we paid off, using available cash flow, a \$34.0 million variable rate mortgage, at LIBOR plus 150 basis points, that encumbered one consolidated Property. In addition, we refinanced another consolidated mortgaged Property subject to a \$100.0 million 4.60% fixed rate mortgage that matures on July 1, 2013. The balance of the previous mortgage was \$85.5 million at a weighted average fixed rate of 7.16% and was scheduled to mature on December 31, 2003.

On June 27, 2003, we retired our existing €60 million EURO-denominated unsecured credit agreement (the "EURO Facility"), which had an initial maturity date of July 31, 2003, with available working capital of \$28.2 million and €34.7 million borrowed from a new EURO sub-tranche of our Credit Facility. We restructured our Credit Facility to establish a \$100 million EURO sub-tranche which bears the same interest rate and maturity date as the overall Credit Facility. The amount available under the \$100 million EURO sub-tranche will vary with changes in the exchange rate, however, we may also borrow the amount available under this EURO sub-tranche in dollars, if necessary.

In connection with our acquisition of Stanford Shopping Center on August 20, 2003, see Note 9, we secured a \$220.0 million, 3.60% fixed rate, interest only, five year mortgage. We borrowed \$110.0 million from our Credit Facility and used available working capital to fund the remainder of the acquisition.

7. Partners' Equity

On January 22, 2003, three limited partners exchanged a total of 13,469 Units for 13,469 shares of common stock of Simon Property. On February 19, 2003, two limited partners exchanged a total of 2,867,342 Units for 2,867,342 shares of common stock of Simon Property. We issued an equivalent number of Units to Simon Property as a result of these exchanges.

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On February 13, 2003, we issued 364,405 Units to Simon Property in connection with Simon Property's issuance of 364,405 shares of restricted stock that were awarded under The Simon Property Group 1998 Stock Incentive Plan at a value of \$33.20 per share. The fair market value of the restricted stock awarded has been deferred and is being amortized over the four year vesting period.

On November 13, 2003 Simon Property announced that it will redeem the remaining 4,316,329 shares of its 6.50% Series B Convertible Preferred Stock on December 15, 2003 at a redemption price of 105% of the liquidated value plus accrued and unpaid distributions to the redemption date or \$106.34 per share. At any time until the redemption date, and subject to the terms of Simon Property's restated certificate of incorporation regarding conversions, each share of 6.50% Series B Convertible Preferred Stock may be converted at the option of the holder into 2.58605 shares of common stock of Simon Property. Accordingly, we will redeem the corresponding remaining 4,316,329 units of our 6.50% Series B Convertible Preferred Units on December 15, 2003 at a similar redemption price. To the extent that holders convert to common stock of Simon Property we will issue an equivalent number of Units to Simon Property.

We issued 411,314 Units to Simon Property related to employee stock options exercised during the first nine months of 2003. We used the net proceeds from the option exercises of approximately \$10.0 million for general working capital purposes.

8. Commitments and Contingencies

Litigation

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and us. The action was later removed to federal court. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the Operating Partnership and related entities; and (ii) a financing transaction involving a loan in the amount of \$312.0 million obtained from The Chase Manhattan Bank that is secured by a mortgage placed on Mall of America's assets. The complaint, which contains twelve counts, seeks remedies of unspecified damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, we are specifically identified as a defendant in connection with the sale to Teachers. On August 12, 2002, the court granted in part and denied in part motions for partial summary judgment filed by the parties.

Trial on all of the equitable claims in this matter began June 2, 2003. On September 10, 2003, the court issued its decision in a Memorandum and Order (the "Order"). In the Order, the court found that numerous entities and individuals, but not us, breached their fiduciary duties to Triple Five. The court did not award Triple Five damages but instead awarded Triple Five equitable and other relief and imposed a constructive trust on that portion of the Mall of America owned by us. Specifically, as it relates to us, the court ordered that Triple Five was entitled to purchase from us the one-half partnership interest that we purchased from Teachers in October 1999, provided Triple Five remit to us the sum of \$81.38 million within nine months of the Order. The court further held that we must disgorge all net profits that we received as a result of our ownership interest in the Mall from October 1999 to the present. The court has appointed a Special Master to determine net profits. We understand that the court intends that the current day-to-day management of the Mall remains unchanged unless and until Triple Five purchases our interest in the Mall.

We disagree with many aspects of the Order and, at the appropriate time, will appeal the Order to the United States Court of Appeals for the Eighth Circuit. We have also filed a number of post-trial motions, none of which have been decided. We are currently working with the Special Master appointed by the court. It is not possible to provide an assurance of the ultimate outcome of the litigation.

As a result of the Order, we recorded a \$6.0 million loss that is included in "Gain (loss) on sales of assets and other, net" in the accompanying statements of operations and comprehensive income, reflecting our estimate of the financial impact to us from complying with the Order and we have ceased recording any contribution to either net income or Funds from Operations ("FFO") from Mall of America.

We are currently not subject to any other material litigation other than routine litigation, claims and administrative proceedings arising in the ordinary course of business. We believe that such routine litigation, claims and administrative proceedings will not have a material adverse impact on our financial position or our results of operations.

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Guarantee of Indebtedness

Joint venture debt is the liability of the joint venture, is typically secured by the joint venture Property, and is non-recourse to us. As of September 30, 2003, we have guaranteed or have provided letters of credit to support \$74.9 million of our total \$2.4 billion share of joint venture mortgage and other indebtedness in the event the joint venture partnership defaults under the terms of the mortgage. The mortgages guaranteed are secured by the property of the joint venture partnership and could be sold in order to satisfy the outstanding obligation.

Taubman Centers, Inc. Tender Offer

On December 5, 2002, Simon Property Acquisitions, Inc., a wholly-owned subsidiary of Simon Property, commenced a tender offer to acquire all of the outstanding shares of Taubman Centers, Inc. ("Taubman") and on January 15, 2003, Westfield America, Inc. ("Westfield"), the U.S. subsidiary of Westfield America Trust, joined the tender offer. On October 8, 2003, Simon Property and Westfield withdrew their tender offer for Taubman. Under the terms of our partnership agreement, we reimburse the operating expenses incurred by Simon Property. As a result we expensed deferred acquisition costs of \$10.5 million, net, related to this acquisition. These expenses are included in "Costs related to withdrawn tender offer" in the accompanying statement of operations and comprehensive income. The withdrawal of the tender offer follows the enactment of a law, which amended the Michigan Control Share Acquisitions Act. The law overturned the ruling earlier this year by the Michigan Federal District Court that the Taubman family had violated the statute by not obtaining shareholder approval for their voting shares. The new law effectively allows the Taubman family group to block Simon Property's and Westfield's all-cash tender offer.

9. Real Estate Acquisitions and Dispositions

On January 11, 2003, the minority limited partner in The Forum Shops at Caesars in Las Vegas, NV initiated the buy/sell provision of the partnership agreement. On March 14, 2003, we purchased this interest for \$174.0 million in cash and assumed the minority limited partner's \$74.2 million share of debt, and other partnership liabilities. We funded this purchase with borrowings from our Credit Facility. We recorded minority interest expense relating to the minority limited partner's share of the results of operations of The Forum Shops at Caesars through March 14, 2003.

On August 20, 2003, we purchased a 100% stake in Stanford Shopping Center in Palo Alto, California for \$333.0 million from Stanford University. Stanford University will continue to hold, as lessor, a long-term ground lease underlying the asset. We funded this purchase with the mortgage discussed in Note 6, with borrowings from our Credit Facility, and with available working capital.

On November 10, 2003, we completed an initial series of transactions that increased our ownership in Kravco Investments ("Kravco") and The Kravco Company, its affiliated property management company. The remaining transactions, for which definitive documents have been executed, are expected to close in the next two weeks. These transactions will increase our ownership in Kravco from 18% to approximately 80% and in the management company from 15% to 50%. Kravco owns interests in seven regional malls, six of which are located in the Philadelphia metropolitan area. The total consideration is approximately \$300 million, including the assumption of \$108 million of mortgage indebtedness and the issuance of \$120 million of perpetual preferred units of the Operating Partnership. We acquired our initial joint interest in Kravco as part of the Rodamco acquisition.

During the period ended September 30, 2003, we sold nine non-core Properties, consisting of five regional malls and four community centers. We sold one non-core mixed-use property on October 1, 2003. In total, we received net proceeds from these sales of \$123.6 million, including \$34.7 million of net proceeds received on October 1, 2003. As a result of these transactions, we recorded a net loss of \$25.7 million during the nine months ended September 30, 2003. The Properties and their dates of sale consisted of:

- Richmond Square, Mounds Mall, Mounds Mall Cinema, and Memorial Mall on January 9, 2003,
- Forest Village Park Mall on April 29, 2003,
- North Riverside Park Plaza on May 8, 2003,
- Memorial Plaza on May 21, 2003,
- Fox River Plaza on May 22, 2003,
- Eastern Hills Mall on July 1, 2003, and
- New Orleans Center on October 1, 2003

As of December 31, 2002, the carrying value of the investment properties at cost, net of accumulated depreciation, of these Properties was \$152.5 million. Total revenues from the discontinued operations totaled

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\$28.6 million for the nine months ended September 30, 2002 and \$39.2 million for the twelve months ended December 31, 2002.

10. New Accounting Pronouncements

In May 2003, the Financial Accounting Standards Board ("FASB") issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". SFAS No. 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances). This pronouncement initially affected our limited life consolidated partnerships that have a minority limited partner and that include a termination date in their respective partnership agreements at which point the partnership must redeem the outstanding equity interests for cash. However, on October 29, 2003, the FASB deferred recording the provisions of SFAS No. 150 that applied to limited life subsidiaries indefinitely. As a result, we do not have any instruments that qualify within the scope of SFAS No. 150 as of September 30, 2003. In seven of our partnerships the applicable partnership agreements provide for a contractual termination date based on specified dates or events. SFAS No. 150 requires disclosure of the estimated settlement value of these non-controlling interests. As of September 30, 2003 the estimated settlement value of these non-controlling interests was approximately \$25.0 million.

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities, an Interpretation of Accounting Research Bulletin No. 51" ("FIN 46"). On October 9, 2003, the FASB announced that it had delayed the effective date of this interpretation to December 31, 2003. FIN 46 requires the consolidation of entities that meet the definition of a variable interest entity in which an enterprise absorbs the majority of the entity's expected losses, receives a majority of the entity's expected residual returns, or both, as a result of ownership, contractual or other financial interests in the entity. Currently, we consolidate entities that we control, as defined in our financial statements for the year ended December 31, 2002 as filed with the Securities and Exchange Commission.

Our property partnerships rely primarily on financing from third party lenders, which is secured by first liens on the Property of the partnership and partner equity. Our maximum exposure to loss as a result of our involvement in these partnerships is represented by the carrying amount of our investments in unconsolidated entities as disclosed on the accompanying balance sheets plus our guarantees of joint venture debt as disclosed in Note 8. We are currently finalizing the evaluation of the full effects of the issuance of FIN 46 on the accounting for our ownership interests in each unconsolidated entity. However, we believe that we will consolidate some of our investments in unconsolidated entities as a result of the adoption of FIN 46. We will adopt the interpretation on December 31, 2003.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with the financial statements and notes thereto that are included in this quarterly report on Form 10-Q. Certain statements made in this section or elsewhere in this report may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks and uncertainties. Those risks and uncertainties incidental to the ownership and operation of commercial real estate include, but are not limited to: national, international, regional and local economic climates, competitive market forces, changes in market rental rates, trends in the retail industry, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks associated with acquisitions, the impact of terrorist activities, environmental liabilities, maintenance of Simon Property's REIT status, the availability of financing, and changes in market rates of interest. We undertake no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

Overview

Simon Property Group, L.P. (the "Operating Partnership"), a Delaware limited partnership, is a majority owned subsidiary of Simon Property Group, Inc. ("Simon Property"), a Delaware corporation. Simon Property is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). In this discussion, the terms "we", "us" and "our" refer to the Operating Partnership and its subsidiaries.

We are engaged primarily in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties. Our real estate properties consist primarily of regional malls and community shopping centers. As of September 30, 2003, we owned or held an interest in 238 income-producing properties in the United States, which consisted of 169 regional malls, 64 community shopping centers, and five office and mixed-use properties in 36 states (collectively, the "Properties", and individually, a "Property"). Mixed-use properties are properties whose operating income includes two or more significant retail, office, and/or hotel components. We also own interests in four parcels of land held for future development (together with the Properties, the "Portfolio"). In addition, we have ownership interests in other real estate assets and ownership interests in nine retail real estate properties operating in Europe and Canada.

We generate the majority of our revenues from leases with retail tenants including:

- Base minimum rents and cart and kiosk rentals,
- Overage and percentage rents based on tenants' sales volume, and
- Recoveries of substantially all of our recoverable expenditures, which consist of property operating, real estate tax, repairs and maintenance, and advertising and promotional expenditures.

Revenues of M.S. Management Associates, Inc. (the "Management Company"), after intercompany eliminations, consist primarily of management fees that are typically based upon the revenues of the property being managed. We also generate revenues due to our size and tenant relationships from the following:

- Simon Brand Ventures ("Simon Brand") that pursues mall marketing initiatives, including the sale of gift cards. We have completed the roll-out of our Simon Gift Card program to substantially all our regional malls as of September 30, 2003.
- Consumer focused strategic corporate alliances that Simon Brand enters into with third parties.
- Simon Business Network ("Simon Business") that offers property operating services to our tenants and others resulting from its relationships with vendors.

Operational Overview

Our core business remained stable during the first nine months of 2003. Regional mall occupancy was 91.8% as of September 30, 2003 and September 30, 2002. Regional mall average base rents increased 4.9% to \$31.83 per square foot ("psf") as of September 30, 2003 from \$30.33 psf as of September 30, 2002. Our regional mall leasing spreads during the first three quarters of 2003 were \$8.17 psf as of September 30, 2003 compared to \$7.85 psf as of September 30, 2002. The regional mall leasing spread for 2003 includes new store leases signed at an average of \$40.78

psf initial base rents as compared to \$32.61 psf for store leases terminating or expiring in the same period. Our same store leasing spread was \$7.44 as of September 30, 2003 or a 19.7% growth rate and is calculated by comparing leasing activity completed in 2003 with the previous rents for those exact same spaces. Regional mall comparable sales psf began to strengthen in the third quarter and increased 1.8% to \$398 psf as of September 30, 2003, from \$391 as of September 30, 2002, as the overall economy begins to show signs of recovery.

During 2003, we completed acquisitions or increases in ownership of strong core Properties. On March 14, 2003, we purchased the remaining minority interest in The Forum Shops at Caesars ("Forum Shops") in Las Vegas, NV from the minority limited partner who initiated the buy/sell provision of the partnership agreement. We purchased the interest for \$174.0 million in cash and assumed the minority limited partner's \$74.2 million share of debt, and other partnership liabilities. We funded this purchase with borrowings from our \$1.25 billion unsecured credit facility (the "Credit Facility"). On August 20, 2003, we purchased a 100% stake in Stanford Shopping Center in Palo Alto, California for \$333.0 million from Stanford University. Stanford University will continue to hold, as lessor, a long-term ground lease underlying the asset. We funded this purchase with borrowings on our Credit Facility and a \$220.0 million, 3.6% fixed rate, interest only, five year mortgage. Including the effects of a hedging transaction previously entered into, the initial blended interest rate is 2.81%.

During the first nine months of 2003, we continued to realize the benefits of the acquisitions we made during 2002. These acquisitions increased consolidated total revenues by \$74.3 million, consolidated operating income by \$25.8 million, and income from unconsolidated entities by \$8.4 million compared to the nine months ended September 30, 2002.

We also took advantage of the continuing low long-term interest rate environment by issuing \$500.0 million of unsecured notes on March 18, 2003 at a weighted average fixed interest rate of 5.11% and weighted average term of 8.2 years. After including the impact of interest rate lock agreements, the all-in

blended effective rate for this offering was 4.88%. We used the net proceeds of \$498.7 million primarily to reduce borrowings on our Credit Facility. We refinanced or unencumbered other Properties during 2003 that also decreased our overall average borrowing rates.

On October 8, 2003, Simon Property and Westfield America, Inc. ("Westfield"), the U.S. subsidiary of Westfield America Trust, withdrew the tender offer for Taubman. As a result we expensed deferred acquisition costs of \$10.5 million, net, related to this acquisition during the third quarter 2003. The withdrawal of the tender offer follows the enactment of a law, which amended the Michigan Control Share Acquisitions Act.

We expect our overall Portfolio performance will remain stable for the remainder of 2003 as we expect to maintain similar leasing spreads, maintain or increase occupancy, and increase average base rents psf.

The Portfolio data discussed in this operational overview includes some of the key operating statistics for our regional malls that we believe are necessary to understand our business. These include occupancy, average base rents psf, leasing spreads, and comparable sales psf. Operating statistics give effect to newly acquired Properties beginning in the year of acquisition and do not include Properties located outside of the United States. This overview is subject to the more detailed descriptions of our operations appearing elsewhere in this report.

Results of Operations

The following acquisitions, dispositions, and openings affected our consolidated results from continuing operations in the comparative periods:

- On August 20, 2003, we acquired a 100% interest in Stanford Shopping Center in Palo Alto, California.
- On July 19, 2002, we acquired the remaining ownership interest in Copley Place that resulted in our consolidation of this Property. Our initial joint venture interest in this Property was acquired as part of the Rodamco acquisition.
- On May 3, 2002, we completed the Rodamco acquisition that added five new consolidated Properties.
- During 2002, we sold seven of the nine assets that were held for sale as of December 31, 2001. We also sold two other non-core Properties in the fourth quarter of 2002.

The following acquisitions, dispositions, and openings affected our income from unconsolidated entities in the comparative periods:

- On August 4, 2003, we and our joint venture partner completed construction and opened Las Vegas Premium Outlets.

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- On May 31, 2002, we sold our interests in our five value oriented super-regional malls to Mills Corporation.
 - On May 3, 2002, we completed the Rodamco acquisition that added six new joint venture Properties during the period, including our initial interest in Copley Place.
 - On April 1, 2002, we sold our interest in Orlando Premium Outlets.

The transactions noted above are collectively referred to as the "Property Transactions". In the following discussions of our results of operations, "comparable" refers to Properties open and operating throughout both the current and prior nine month periods.

Our discontinued operations resulted from the sale of (or commitment to sell) the following Properties as of September 30, 2003 (date of sale):

- Richmond Square, Mounds Mall, Mounds Mall Cinema, and Memorial Mall on (January 9, 2003),
- Forest Village Park Mall on (April 29, 2003),
- North Riverside Park Plaza on (May 8, 2003),
- Memorial Plaza on (May 21, 2003),
- Fox River Plaza on (May 22, 2003),
- Eastern Hills Mall on (July 1, 2003), and
- New Orleans Centre on (October 1, 2003)

In addition to the Property Transactions, on March 14, 2003, we purchased the remaining ownership interest in Forum Shops. On January 1, 2003, we acquired all of the remaining equity interests of the Management Company. The Management Company was previously accounted for using the equity method during the three and nine months ended September 30, 2002. The Management Company is now consolidated, therefore, its revenues and expenses are included in the accompanying unaudited combined statements of operations and comprehensive income for the three and nine months ended September 30, 2003.

Three Months Ended September 30, 2003 vs. Three Months Ended September 30, 2002

Minimum rents, excluding rents from our consolidated Simon Brand and Simon Business initiatives, increased \$11.0 million during the period. The net effect of the Property Transactions increased minimum rents \$3.9 million and the purchase accounting estimation of the fair market value of in-place leases as part of our acquisitions, including the Forum Shops, increased rents by \$2.3 million. Comparable rents increased \$4.8 million due to leasing of space at higher rents, resulting in an increase in base rents of \$4.5 million.

The Management Company recorded fee revenues of \$15.3 million and insurance premium revenues of \$3.8 million. Substantially all of the Management Company's revenues are management, leasing, development fees, and insurance premium revenues received from unconsolidated joint venture Properties.

Total other income, excluding Simon Brand and Simon Business initiatives, decreased \$14.0 million. The impact of the consolidation of the Management Company includes the addition of \$2.3 million of investment income primarily from the insurance subsidiaries and the elimination of consolidated intercompany interest and dividend income that totaled \$4.2 million in 2002 received from the Management Company previously recorded in other income in 2002. In addition, outlet land sales decreased by \$8.4 million due to higher than normal activity in 2002 and lease settlement income decreased \$4.3 million.

Consolidated revenues from Simon Brand and Simon Business initiatives decreased \$1.5 million to \$22.5 million from \$24.0 million. The decrease is the result of revenues in 2002 that resulted from our settlement with Enron Corporation that totaled \$8.6 million, net. The decrease was offset by a \$3.9 million increase in revenues from our gift certificates and gift card programs and a net \$1.3 million increase primarily from parking services included in the Property Transactions. The remaining decrease is offset by increased advertising rentals and event and sponsorship income. The increased revenues from our gift card and gift certificate programs were offset by a \$0.9 million increase in operational expenses relating to our gift card program which are included in property operating expenses.

Tenant reimbursements increased \$11.0 million of which the Property Transactions accounted for \$2.7 million of the increase. The remaining portion of the increase is primarily due to increases in comparable recoverable expenditures. The costs related to withdrawn tender offer of \$10.5 million relate to our write off of deferred acquisition costs resulting from the withdrawal of our joint tender offer with Westfield for Taubman. The increase in home office and regional office costs and general and administrative expenses is due to the consolidation of the Management Company which added \$10.0 million of total operating expenses in 2003.

Interest expense decreased \$2.6 million due to a decrease in weighted average interest rates as a result of recent refinancing activity and slightly lower variable interest rate levels. These effects were partially offset by an increase in average borrowings as a result of the unsecured note offering in March of 2003 and the acquisition of Stanford Shopping Center.

In 2003, we recorded a \$5.1 million net loss on the sale of assets, which primarily consists of the \$6.0 million loss we recorded in connection with the Mall of America litigation. In 2002, we recognized \$1.8 million of expenses related to the early extinguishment of debt that consisted of prepayment penalties and the write-off of unamortized mortgage costs.

Income from unconsolidated entities increased \$2.7 million during the comparative periods of which \$2.9 million resulted from properties acquired in the Rodamco acquisition. In addition, income from unconsolidated entities owned by the Management Company in 2003 totaled \$2.0 million. Offsetting these increases income from unconsolidated entities included income from the Management Company of \$4.7 million in 2002.

The impact on net income from the results of operations of the Management Company was an increase of approximately \$3.7 million. The increase resulted from increased management fees due to increased revenues of joint ventures and increased insurance premiums from insurance subsidiaries.

Finally, we committed to sell one mixed-use Property during the period ended September 30, 2003. This non-core Property was sold for \$34.7 million in net proceeds, which were received on October 1, 2003, and resulted in a net loss of \$13.0 million. As a result of this transaction, we reclassified the results of operations from this consolidated Property to discontinued operations for 2003 and 2002.

Nine Months Ended September 30, 2003 vs. Nine Months Ended September 30, 2002

Minimum rents, excluding rents from our consolidated Simon Brand and Simon Business initiatives, increased \$58.2 million during the period. The net effect of the Property Transactions increased minimum rents \$35.7 million and the purchase accounting estimation of the fair market value of in-place leases as part of our acquisitions, including the Forum Shops, increased rents by \$4.9 million. Comparable rents increased \$17.6 million due to the leasing of space at higher rents, resulting in an increase in base rents of \$17.7 million. In addition, increased rents from carts, kiosks, and renting unoccupied in-line space increased comparable rents from temporary tenant income by \$2.4 million. These increases were offset by a \$2.5 million decrease in straight-line rent revenue.

The Management Company recorded fee revenues of \$43.2 million and insurance premium revenues of \$16.0 million.

Total other income, excluding Simon Brand and Simon Business initiatives, decreased \$31.7 million. The impact of the consolidation of the Management Company includes the addition of \$5.4 million of investment income primarily from the insurance subsidiaries and the elimination of consolidated intercompany interest and dividend income that totaled \$10.7 million in 2002 received from the Management Company previously recorded in other income in 2002. In addition, outlot land sales decreased by \$12.4 million due to higher than normal activity in 2002 and lease settlement income decreased \$4.3 million. In addition, other income in 2002 includes the impact of our hedges of the Rodamco acquisition in 2002, of which \$7.8 million is included in other income and \$0.7 million of expense is included in other expenses.

Consolidated revenues from Simon Brand and Simon Business initiatives increased \$10.9 million to \$61.3 million from \$50.4 million. This includes a \$7.6 million increase in revenues from our gift card and gift certificate programs and a net \$5.4 million increase from the Property Transactions primarily due to parking services acquired. These increases were offset by revenues in 2002 that resulted from our settlement with Enron Corporation that totaled \$8.6 million, net. The remaining net increase in revenues is due to increased rents and fees from service providers, increased advertising rentals, and event and sponsorship income. The increased revenues from our gift card and gift certificate programs were offset by a \$3.5 million increase in operational expenses relating to our gift card program which are included in property operating expenses.

Tenant reimbursements increased \$37.6 million of which the Property Transactions accounted for \$15.7 million of the increase. The remaining portion of the increase is primarily due to increases in comparable recoverable expenditures. Depreciation and amortization expenses increased \$27.1 million primarily due to the net effect of the Property Transactions and the consolidation of the Management Company. The costs related to withdrawn tender offer of \$10.5 million relate to our write off of deferred acquisition costs resulting from the withdrawal of the joint

tender offer with Westfield for Taubman. Other expenses decreased \$1.9 million due the \$4.0 million of expense related to a litigation settlement in 2002. This was offset by increased ground rent expense of \$1.4 million. The increase in home office and regional office costs and general and administrative expenses is due to the consolidation of the Management Company which added \$34.3 million of total operating expenses in 2003.

Interest expense increased \$2.9 million. Our average borrowings increased as a result of the Rodamco acquisition, the unsecured note offering in March of 2003, and the acquisition of Stanford Shopping Center. This increase was offset by an overall decrease in weighted average interest rates as a result of refinancing activity, an increase in capitalized imputed interest due to increased development, renovation and expansion activity, and slightly lower variable interest rate levels.

In 2003, we recorded a \$5.1 million net loss on the sale of assets, which primarily consists of the \$6.0 million loss we recorded in connection with the Mall of America litigation. In 2002, gains on sales of assets and other, net, were \$169.2 million as we sold several Properties and partnership interests. We sold our interest in Orlando Premium Outlets during 2002 to our partner in the joint venture. We sold our interests in five value oriented regional malls to our partner, the Mills Corporation, and sold two of the acquired Rodamco partnership interests and one existing partnership interest to Teachers Insurance and Annuity

Association of America to fund a portion of the Rodamco acquisition. In addition, as part of our disposition strategy we disposed of four of the nine assets held for sale as of December 31, 2001. Finally, we made the decision to no longer pursue certain development projects and we wrote-off the carrying amount of our predevelopment costs and land acquisition costs associated with these projects. The following table summarizes our net gain on sales of assets and other for 2002 (in millions):

<i>Asset</i>	<i>Type (number of properties)</i>	<i>Net Proceeds</i>	<i>Gain/(Loss)</i>
Orlando Premium Outlets	Specialty retail center (1)	\$46.7	\$39.0
Mills Properties (a)	Value-oriented super-regional mall (5)	150.7	122.2
Asset held for sale	Community center (3) and regional mall (1)	25.6	0.0
Teachers Transaction	Regional mall (3)	198.0	25.1
Other	Pre-development costs	n/a	(17.1)
		\$421.0	\$169.2

(a) Amounts exclude sales of land partnership interests by the Management Company to the Mills Corporation. These sales resulted in net proceeds of \$24.1 million, resulting in our share of a gain of \$8.4 million, net of tax.

During 2002, we also recognized \$16.1 million in gains on the forgiveness of debt related to the disposition of two regional malls. Net cash proceeds from these dispositions were \$3.6 million. In addition, we recognized \$1.8 million of expenses related to the early extinguishment of debt that consisted of prepayment penalties and the write-off of unamortized mortgage costs.

Income from unconsolidated entities increased \$7.1 million during the comparative periods. In 2002, income from unconsolidated entities included income from all Management Company operations of approximately \$12.7 million. This includes our share of the gain of \$8.4 million, net of tax, associated with the sale of land partnership interests previously discussed. In 2003, income from unconsolidated entities owned by the Management Company in 2003 totaled \$2.4 million. In addition, income from unconsolidated partnerships and joint ventures, excluding the Management Company, increased \$8.4 million resulting from the Rodamco acquisition and our \$6.6 million share increase from outlot land sales. These increases were offset by the loss of income due to the sale of our interests in the Mills Properties and Orlando Premium Outlets.

Losses from MerchantWired LLC in 2002 included our indirect share of operating losses of \$10.2 million, after a tax benefit of \$6.2 million. The operating losses of MerchantWired LLC included our share of an impairment charge of \$4.2 million, after tax, on certain technology assets. The Management Company recorded a net write-off of \$22.5 million, after a tax benefit of \$9.4 million, of its investment in MerchantWired LLC in September 2002. The total technology write-off related to MerchantWired LLC was \$38.8 million before tax.

The impact on net income from the results of operations of the Management Company, excluding the losses of MerchantWired LLC, increased by \$2.1 million. Increased management fees as a result of the Rodamco acquisition and increased income from insurance subsidiaries were offset by the partnership interests sold in 2002 resulting in our share of a gain of \$8.4 million, net of tax.

Finally, we continued our disposition activities in 2003 with the sale of ten non-core Properties consisting of five regional malls, four community centers, and one mixed-use Property, including one on October 1, 2003. These non-core Properties were sold for a total of \$123.6 million, including \$34.7 million of net proceeds received on October 1, 2003, that resulted in a net loss of \$25.7 million. As a result of these transactions, we reclassified the results of operations from these consolidated Properties to discontinued operations. These dispositions will not have a material effect on our results of operations or liquidity.

Liquidity and Capital Resources

Our liquidity is derived primarily from our leases that generate positive net cash flow from operations and distributions from unconsolidated entities. Our balance of cash and cash equivalents decreased \$40.1 million to \$350.6 million as of September 30, 2003, including a balance of \$87.8 million related to our gift certificate program, which we do not consider available for general working capital purposes.

Another source of liquidity is our Credit Facility, which provides flexibility as our cash needs vary from time to time. On September 30, 2003, the Credit Facility had available borrowing capacity of \$588.6 million net of outstanding borrowings of \$637.3 million, including borrowings of €23.5 million, and letters of credit of \$24.1 million. The Credit Facility bears interest at LIBOR plus 65 basis points with an additional 15 basis point facility fee on the entire \$1.25 billion facility and provides for variable grid pricing based upon our corporate credit rating. The Credit Facility has an initial maturity of April 2005, with an additional one-year extension available at our option. We and Simon Property also have access to public equity and long term unsecured debt markets. Finally, we have access to private equity from institutional investors at the Property level. Our current senior unsecured debt ratings are Baa2 by Moody's Investors Service and BBB by Standard & Poor's and Simon Property's current corporate rating is BBB+ by Standard & Poor's.

Our net cash flow from operating activities and distributions of capital from unconsolidated entities totaled \$644.6 million. This cash flow includes \$37.8 million of excess proceeds from refinancing activities primarily from two unconsolidated joint ventures. In addition, we consolidated \$48.9 million of cash from the acquisition of the remaining ownership interests in the Management Company. We also received \$91.8 million primarily from the sale of nine non-core Properties. Finally, we had net proceeds from all of our debt financing and repayment activities of \$470.6 million as discussed below in Financing and Debt. We used these proceeds to fund our \$174.0 million acquisition of the remaining minority interest in Forum Shops and the \$333.0 million acquisition of Stanford Shopping Center. We also:

- paid unitholder distributions totaling \$446.6 million,
- paid preferred unit distributions totaling \$55.6 million,
- funded consolidated capital expenditures of \$214.1 million. These capital expenditures include development costs of \$20.4 million, renovation and expansion costs of \$140.6 million and tenant costs and other operational capital expenditures of \$53.1 million, and
- funded investments in unconsolidated entities of \$77.6 million of which \$68.7 million was used to fund new developments, redevelopments, and other capital expenditures.

In general, we anticipate that cash generated from operations will be sufficient in 2003, as well as on a long-term basis, to meet operating expenses, monthly debt service, recurring capital expenditures, and distributions to unitholders necessary to maintain Simon Property's REIT qualification. In addition, we expect to be able to obtain capital for nonrecurring capital expenditures, such as acquisitions, major building renovations and expansions, as well as for scheduled principal maturities on outstanding indebtedness, from:

- excess cash generated from operating performance and working capital reserves,
- borrowings on our Credit Facility,
- additional secured or unsecured debt financing, or
- additional equity raised in the public or private markets.

Financing and Debt

Unsecured Financing. On March 18, 2003, we issued two tranches of senior unsecured notes to institutional investors pursuant to Rule 144A totaling \$500.0 million at a weighted average fixed interest rate of 5.11%. Subsequently, we exchanged notes that had been registered under the Securities Act of 1933 for the Rule 144A notes.

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The exchange notes and the Rule 144A notes have the same economic terms and conditions. The first tranche is \$300.0 million at a fixed interest rate of 4.875% due March 18, 2010 and the second tranche is \$200.0 million at a fixed interest rate of 5.45% due March 15, 2013. We used the net proceeds of \$498.7 million primarily to reduce borrowings on our Credit Facility.

On June 15, 2003, we paid off \$375.0 million of 6.625% senior unsecured notes that matured on that date with borrowings from our Credit Facility. The variable rate swap agreements designated as hedges against these unsecured notes also matured on the same date.

Credit Facility. During the first nine months of 2003, the maximum amount outstanding under the Credit Facility was \$649.3 million and the weighted average amount outstanding was \$342.5 million. The weighted average interest rate was 1.87% for the nine month period ended September 30, 2003.

On June 27, 2003, we retired our existing €60 million EURO-denominated unsecured credit agreement (the "EURO Facility"), which had an initial maturity date of July 31, 2003, with available working capital of \$28.2 million and €34.7 million borrowed from a new EURO sub-tranche of our Credit Facility. We restructured our Credit Facility to establish a \$100 million EURO sub-tranche which bears the same interest rate and maturity date as the overall Credit Facility. The amount available under the \$100 million EURO sub-tranche will vary with changes in the exchange rate, however, we may also borrow the amount available under this EURO sub-tranche in dollars, if necessary.

Secured Financing

On April 1, 2003, we paid off, using available cash flow, a \$34.0 million variable rate mortgage, at LIBOR plus 150 basis points, that encumbered one consolidated Property. In addition, we refinanced another consolidated mortgaged Property with a \$100.0 million 4.60% fixed rate mortgage that matures on July 1, 2013. The previous mortgage had a balance of \$85.5 million at a weighted average fixed rate of 7.16% and was to mature on December 31, 2003. On August 20, 2003, we secured a \$220.0 million, 3.60% fixed rate, interest only, five year mortgage to fund a portion of the acquisition of Stanford Shopping Center.

We have recently negotiated a \$550 million leasehold financing for Forum Shops, which we expect to close in November 2003. This new debt is fixed-rate at 4.79% for a term of 7 years. This will replace the existing \$185.0 million mortgage that had an initial maturity of May 2004 and was effectively fixed at an average interest rate of 6.67% including interest rate protection agreements. The financing will generate excess proceeds of approximately \$371 million that we expect to use to unencumber one asset and for general corporate purposes.

Summary of Financing. Our consolidated debt adjusted to reflect outstanding derivative instruments consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of September 30, 2003	Effective Weighted Average Interest Rate	Adjusted Balance as of December 31, 2002	Effective Weighted Average Interest Rate
Fixed Rate	\$ 8,240,546	6.73%	\$ 7,941,122	6.81%
Variable Rate	1,759,708	2.53%	1,604,959	3.58%
	\$ 10,000,254	5.99%	\$ 9,546,081	6.27%

As of September 30, 2003, we had interest rate cap protection agreements on \$296.0 million of consolidated variable rate debt. We had interest rate protection agreements effectively converting variable rate debt to fixed rate debt on \$134.0 million of consolidated variable rate debt. In addition, we hold \$200.0 million of notional amount fixed rate swap agreements that have a weighted average pay rate of 1.66% and a weighted average receive rate of 1.26% at September 30, 2003. We also hold \$370.0 million of notional amount variable rate swap agreements that have a weighted average pay rate of 1.23% and a weighted average receive rate of 3.52% at September 30, 2003. As of September 30, 2003, the net effect of these agreements effectively converted \$36.0 million of fixed rate debt to variable rate debt. As of December 31, 2002, the net effect of these agreements effectively converted \$112.7 million of fixed rate debt to variable rate debt.

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The following table summarizes the material aspects of our future obligations as of September 30, 2003 (dollars in thousands):

2003	2004 – 2005	2006 – 2008	After 2008	Total
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Long Term Debt										
Consolidated (1)	\$	259,900	\$	2,508,860	\$	3,661,279	\$	3,559,251	\$	9,989,290
Pro rata share of Long Term Debt:										
Consolidated (2)	\$	259,796	\$	2,507,743	\$	3,611,199	\$	3,540,331	\$	9,919,069
Joint Ventures (2)		34,130		464,035		916,555		965,277		2,379,997
Total Pro Rata Share of Long Term Debt										
Consolidated Ground Lease commitments	\$	293,926	\$	2,971,778	\$	4,527,754	\$	4,505,608	\$	12,299,066
		2,552		21,564		32,585		453,938		510,639
Total	\$	296,478	\$	2,993,342	\$	4,560,339	\$	4,959,546	\$	12,809,705

(1) Represents principal maturities only and therefore, excludes net premiums and discounts and fair value swaps of \$10,964.

(2) Represents our pro rata share of principal maturities and excludes net premiums and discounts.

We expect to meet our 2003 debt maturities through refinancings, the issuance of new debt securities or borrowings on the Credit Facility. We expect to have the ability and financial resources to meet all future long term obligations. Specific financing decisions will be made based upon market rates, property values, and our desired capital structure at the maturity date of each transaction. Joint venture debt is the liability of the joint venture, is typically secured by the joint venture Property, and is non-recourse to us. As of September 30, 2003, we have guaranteed or have provided letters of credit to support \$74.9 million of our total \$2.4 billion share of joint venture mortgage and other indebtedness presented in the table above.

Convertible Preferred Units

On November 13, 2003 Simon Property announced that it will redeem the remaining 4,316,329 shares of its 6.50% Series B Convertible Preferred Stock on December 15, 2003 at a redemption price of 105% of the liquidated value plus accrued and unpaid distributions to the redemption date or \$106.34 per share. At any time until the redemption date, and subject to the terms of Simon Property's restated certificate of incorporation regarding conversions, each share of 6.50% Series B Convertible Preferred Stock may be converted at the option of the holder into 2.58605 shares of common stock of Simon Property. Accordingly, we will redeem the corresponding remaining 4,316,329 units of our 6.50% Series B Convertible Preferred Units on December 15, 2003 at a similar redemption price. To the extent that holders convert to common stock of Simon Property we will issue an equivalent number of Units to Simon Property.

Dividends and Distributions

We paid a distribution of \$0.60 per Unit in the third quarter of 2003. We are required to make distributions to maintain Simon Property's status as a REIT. Our distributions typically exceed our net income generated in any given year primarily because of depreciation, which is a "non-cash" expense. Our future distributions will be determined by Simon Property's Board of Directors based on actual results of operations, cash available for distributions, and what may be required to maintain Simon Property's status as a REIT.

Acquisitions and Dispositions

Acquisitions. Acquisition activity is a component of our growth strategy. We selectively acquire individual properties or portfolios of properties, focusing on quality retail real estate. We review and evaluate a limited number of acquisition opportunities as part of this strategy. We expect the acquisitions of Forum Shops at Caesars and Stanford Shopping Center to provide increased cash flow.

On November 10, 2003, we completed an initial series of transactions that increased our ownership in Kravco Investments ("Kravco") and The Kravco Company, its affiliated property management company. The remaining transactions, for which definitive documents have been executed, are expected to close in the next two weeks. These transactions will increase our ownership in Kravco from 18% to approximately 80% and in the management company from 15% to 50%. Kravco owns interests in seven regional malls, six of which are located in the Philadelphia metropolitan area. The total consideration is approximately \$300 million, including the assumption of \$108 million of

mortgage indebtedness and the issuance of \$120 million of perpetual preferred units of the Operating Partnership. We acquired our initial joint interest in Kravco as part of the Rodamco acquisition.

Substantially all of our joint venture Properties are subject to rights of first refusal, buy-sell provisions, or other sale rights for partners which are customary in real estate partnership agreements and the industry. Most of our partners are institutional investors who have a history of direct investment in regional mall properties. Partners in our joint ventures may initiate these provisions at any time and if we determine it is in our stockholders' best interests for us to purchase the joint venture interest, we believe we currently have adequate liquidity to execute the purchases of the interests without hindering our cash flows or liquidity. Should we decide to sell any of our joint venture interests, we would expect to use the net proceeds from sale to reduce outstanding indebtedness.

Dispositions. We continue to pursue the sale, under the right circumstances, of Properties that no longer meet our strategic criteria. In 2003, we disposed of ten non-core Properties that no longer met our strategic criteria, consisting of five regional malls, four community centers, and one mixed-use property. If we sell any Properties that are currently classified as held for use, their sale prices may differ from their carrying value. We do not believe the sale of these Properties will have a material impact on our future results of operations or cash flows and their removal from service and sale will not materially affect our ongoing operations. We believe the disposition of these Properties will enhance the average overall quality of our Portfolio.

Development Activity

We pursue new development as well as strategic expansion and renovation activity when we believe the investment of our capital meets our risk-reward criteria.

New Developments. Development activities are an ongoing part of our business and we seek to selectively develop new properties in major metropolitan areas that exhibit strong population and economic growth. The following describes our current new development projects, the estimated total cost, our share of the estimated total cost and the construction in progress balance as of September 30, 2003 (dollars in millions):

<i>Property</i>	<i>Location</i>	<i>Gross Leasable Area</i>	<i>Estimated Total Cost (b)</i>	<i>Our Share of Estimated Total Cost</i>	<i>Our Share of Construction in Progress (a)</i>	<i>Actual/Estimated Opening Date</i>
Opened						
Las Vegas Premium Outlets	Las Vegas, NV	435,000	\$ 87.8	\$ 43.9	\$ 43.0	August 2003
Rockaway Town Court	Rockaway, NJ	89,000	17.4	17.4	13.3	September 2003
Under construction						
St. John's Town Center	Jacksonville, FL	1,500,000	125.9	107.1(c)	23.8(c)	March 2005
Chicago Premium Outlets	Chicago, IL	438,000	76.3	38.1	19.4	2 nd Quarter 2004
Clay Terrace	Carmel, IN	570,000	99.7	49.8	13.2	Fall 2004
Lakeline Village	Austin, TX	42,000	6.5	6.5	5.4	October 2003

- (a) Amounts include the portion of the project placed in service as of September 30, 2003, if any.
 (b) Represents the project costs net of land sales, tenant reimbursements for construction, and other items (where applicable).
 (c) Due to our preference in the joint venture partnership, we are contributing 85% of the project costs.

We expect to fund these capital projects with either available cash flow from operations, borrowings from our Credit Facility, or project specific construction loans. We expect total 2003 new development costs during the year to be approximately \$140 million.

Strategic Expansions and Renovations. We also seek to increase the profitability and market share of the Properties through strategic renovations and expansions. The following describes our significant renovation and/or

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expansion projects currently under construction, the estimated total cost, our share of the estimated total cost and our share of the construction in progress balance as of September 30, 2003 (dollars in millions):

<i>Property</i>	<i>Location</i>	<i>Gross Leasable Area</i>	<i>Estimated Total Cost (b)</i>	<i>Our Share of Estimated Total Cost</i>	<i>Our Share of Construction in Progress (a)</i>	<i>Actual/Estimated Opening Date</i>
Opened						
The Galleria	Houston, TX	696,000	\$ 143.7	\$ 45.2	\$ 42.8	March 2003
Barton Creek Square	Austin, TX	40,000	28.3	28.3	24.1	August 2003
Under Construction						
Forum Shops at Caesars	Las Vegas, NV	175,000	\$ 139.0	\$ 139.0	\$ 46.5	November 2004
Southpark Mall	Charlotte, NC	309,000	97.1	97.1	72.2	Spring 2004
Dadeland Mall	Miami, FL	71,000	34.3	17.2	17.2	October 2003

- (a) Amounts include the portion of the project placed in service as of September 30, 2003, if any.
 (b) Represents the project costs net of land sales, tenant reimbursements for construction, and other items (where applicable).

We have renovation and/or expansion projects currently under construction or in preconstruction development and expect to invest a total of approximately \$230 million on redevelopment projects in 2003.

International. We have a 35.2% ownership interest in European Retail Enterprises, B.V. ("ERE"), that is accounted for using the equity method of accounting. ERE also operates through a wholly-owned subsidiary Groupe BEG, S.A. ("BEG"). ERE and BEG are fully integrated European retail real estate developers, lessors and managers. Our total current investment in ERE and BEG, including subordinated debt, is approximately \$69.2 million. The agreements with BEG and ERE are structured to allow us to acquire an additional 26.1% ownership interest over time. The future commitments to purchase shares from three of the existing shareholders of ERE are based upon a multiple of adjusted results of operations in the year prior to the purchase of the shares. Therefore, the actual amount of these additional commitments may vary. The current estimated additional commitment is approximately \$55 million to purchase shares of stock of ERE, assuming that the three existing shareholders exercise their rights under put options. We expect these purchases to be made from 2004-2008. As of September 30, 2003, ERE and BEG had five Properties open in Poland and three in France.

Retail Climate and Tenant Bankruptcies

Bankruptcy filings by retailers are normal in the course of our operations. We are continually releasing vacant spaces resulting from tenant terminations. Pressures which affect consumer confidence, job growth, energy costs and income gains can affect retail sales growth, and a continuing soft economic cycle may impact our ability to retenant property vacancies resulting from store closings or bankruptcies. We lost approximately 421,000 of square feet of mall shop tenants in 2003. We expect 2003 to be similar to 2002 in terms of square feet lost to bankruptcies.

The geographical diversity of our Portfolio mitigates some of the risk of an economic downturn. In addition, the diversity of our tenant mix also is important because no single retailer represents either more than 2.0% of total GLA or more than 4.5% of our annualized base minimum rent. Bankruptcies and store closings may, in some circumstances, create opportunities for us to release spaces at higher rents to tenants with enhanced sales performance. We have demonstrated an ability to successfully retenant anchor and in line store locations during soft economic cycles. While these factors reflect some of the inherent strengths of our portfolio in a difficult retail environment, we cannot assure you that we will successfully execute our releasing strategy.

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Seasonality

The shopping center industry is seasonal in nature, particularly in the fourth quarter during the holiday season, when tenant occupancy and retail sales are typically at their highest levels. In addition, shopping malls achieve most of their temporary tenant rents during the holiday season. As a result, our earnings are generally highest in the fourth quarter of each year.

In addition, given the number of Properties in warm summer climates our utility expenses are typically higher in the months of June through September due to higher electricity costs to supply air conditioning to our Properties. As a result some seasonality results in increased property operating expenses during these months; however, the majority of these costs are recoverable from tenants.

Environmental Matters

Nearly all of the Properties have been subjected to Phase I or similar environmental audits. Such audits have not revealed nor is management aware of any environmental liability that we believe would have a material adverse impact on our financial position or results of operations. We are unaware of any instances in which we would incur significant environmental costs if any or all Properties were sold, disposed of or abandoned.

Item 3. Qualitative and Quantitative Disclosure About Market Risk

Sensitivity Analysis. A comprehensive qualitative and quantitative analysis regarding market risk is disclosed in our Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended December 31, 2002 as filed with the Securities and Exchange Commission for the year ended December 31, 2002. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2002.

Item 4. Controls and Procedures

- (a) Based on an evaluation of our disclosure controls and procedures (as defined in §§ 240.13a-14(c) and 240.15b-14(c)) as of September 30, 2003, the principal executive officer and principal financial officer have concluded that such disclosure controls and procedures were effective as of that date.
- (b) There have been no significant changes in our internal controls and other factors that could significantly affect these controls subsequent to September 30, 2003, including any corrective actions with regard to significant deficiencies and material weaknesses.

Part II — Other Information

Item 1. Legal Proceedings

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and us. The action was later removed to federal court. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the Operating Partnership and related entities; and (ii) a financing transaction involving a loan in the amount of \$312.0 million obtained from The Chase Manhattan Bank that is secured by a mortgage placed on Mall of America's assets. The complaint, which contains twelve counts, seeks remedies of unspecified damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, we are specifically identified as a defendant in connection with the sale to Teachers. On August 12, 2002, the court granted in part and denied in part motions for partial summary judgment filed by the parties.

Trial on all of the equitable claims in this matter began June 2, 2003. On September 10, 2003, the court issued its decision in a Memorandum and Order (the "Order"). In the Order, the court found that numerous entities and individuals, but not us, breached their fiduciary duties to Triple Five. The court did not award Triple Five damages but instead awarded Triple Five equitable and other relief and imposed a constructive trust on that portion of the Mall of America owned by us. Specifically, as it relates to us, the court ordered that Triple Five was entitled to purchase from us the one-half partnership interest that we purchased from Teachers in October 1999, provided Triple Five remit to us the sum of \$81.38 million within nine months of the Order. The court further held that we must disgorge all net profits that we received as a result of our ownership interest in the Mall from October 1999 to the present. The court has appointed a Special Master to determine net profits. We understand that the court intends that the current day-to-day management of the Mall remains unchanged unless and until Triple Five purchases our interest in the Mall.

We disagree with many aspects of the Order and, at the appropriate time, will appeal the Order to the United States Court of Appeals for the Eighth Circuit. We have also filed a number of post-trial motions, none of which have been decided. We are currently working with the Special Master appointed by the court. It is not possible to provide an assurance of the ultimate outcome of the litigation.

As a result of the Order, we recorded a \$6.0 million loss that is included in "Gain (loss) on sales of assets and other, net" in the accompanying statements of operations and comprehensive income, reflecting our estimate of the financial impact to us from complying with the Order and we have ceased recording any contribution to either net income or Funds from Operations ("FFO") from Mall of America.

Taubman Centers, Inc. On December 5, 2002, Simon Property commenced litigation in the United States District Court for the Eastern District of Michigan (the "Court") against Taubman Centers, its Board of Directors and certain members of the Taubman family. In that action, Simon Property broadly alleged that the Board of Directors

has breached, and continues to breach, its fiduciary duties by failing to consider Simon Property's offer on the merits, and that the Taubman family should be prevented from voting its Series B Preferred Stock which Simon Property contends was wrongfully obtained by the Taubman family without a shareholder vote and in violation of Michigan law. On October 8, 2003, Simon Property along with Westfield America, Inc. ("Westfield"), the U.S. subsidiary of Westfield America Trust, jointly withdrew their tender offer for Taubman. The withdrawal of the tender offer follows the enactment of a law, which amended the Michigan

Control Share Acquisitions Act. The law overturned the ruling earlier this year by the Michigan Federal District Court that the Taubman family had violated the statute by not obtaining shareholder approval for their voting shares. The new law effectively allows the Taubman family group to block Simon Property's and Westfield's all-cash tender offer. As a result of the new legislation and the withdrawal of Simon Property's joint tender offer, on October 16, 2003, Simon Property dismissed its litigation against Taubman Centers.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

- 3.1 Simon Property Group, L.P. Amended and Restated Supplement to Seventh Amended and Restated Limited Partnership Agreement
- 31.1 Certification by the Chief Executive Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification by the Chief Financial Officer pursuant to rule 13a-14(a)/15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32 Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

None.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SIMON PROPERTY GROUP, L.P.
By: Simon Property Group, Inc.,
General Partner

/s/ Stephen E. Sterrett
Stephen E. Sterrett,
Executive Vice President and Chief Financial Officer

Date: November 14, 2003

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**AMENDED AND RESTATED SUPPLEMENT TO
SEVENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT
OF
SIMON PROPERTY GROUP, L.P.**

THIS AMENDED AND RESTATED SUPPLEMENT TO SEVENTH AMENDED AND RESTATED LIMITED PARTNERSHIP AGREEMENT ("Restated Supplement"), entered into as of the 30th day of June, 2003, by **SIMON PROPERTY GROUP, INC.**, a Delaware corporation ("General Partner"), the sole general partner of **SIMON PROPERTY GROUP, L.P.**, a Delaware limited partnership (the "Partnership").

W I T N E S S E T H

WHEREAS, the business and affairs of the Partnership are governed by the Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P., dated August 27, 1999 (the "Agreement"); and

WHEREAS, the Agreement was supplemented by way of a Supplement to Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P., dated March 26, 2003 (the "Original Supplement"); and

WHEREAS, the General Partner desires to amend and restate, in its entirety, the Original Supplement; and

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the Agreement is supplemented in the following respects:

1. *Terms.* All capitalized terms not otherwise defined herein shall have the meaning set forth in the Agreement.
2. *Exhibit "A".* Exhibit "A" attached to the Agreement is hereby deleted in its entirety and in its place and stead is substituted Exhibit "A"—Listing of Limited Partners" attached hereto.
3. *Exhibits "B-1" and "B-2".* Exhibits "B-1" and "B-2" attached to the Original Supplement are hereby deleted in their entirety and in their place and stead are substituted Exhibits "B-1"—GP Preferred Unit Designation and "B-2"—LP Preferred Unit Designation attached hereto.
4. *Successors.* This Restated Supplement and all the terms and provisions hereof shall be binding upon and shall inure to the benefit of all Partners, and their legal representatives, heirs, successors and permitted assigns, except as expressly herein otherwise provided.
5. *Effect and Interpretation.* THIS RESTATED SUPPLEMENT SHALL BE GOVERNED BY AND CONSTRUED IN CONFORMITY WITH THE LAWS OF THE STATE OF DELAWARE.

IN WITNESS WHEREOF, the General Partner has executed this Restated Supplement or caused this Restated Supplement to be executed effective as of the date and year first above written.

GENERAL PARTNER

Simon Property Group, Inc., a Delaware corporation

By: _____

Stephen E. Sterrett
Executive Vice President and
Chief Financial Officer

EXHIBIT A—LISTING OF LIMITED PARTNERS

EXHIBIT B-1—GP PREFERRED UNIT DESIGNATION

**CERTIFICATE OF DESIGNATION
OF
6.50% SERIES B CONVERTIBLE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

Pursuant to Articles 4.3(c) and 9.4 of the Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P. (the "Operating Partnership");

WHEREAS, Simon Property Group, Inc. (the "Corporation") has issued 5,000,000 shares of 6.50% Series B Convertible Preferred Stock (the "Series B Convertible Preferred Stock"); and

WHEREAS, in accordance with the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement"), the Corporation has made a contribution of certain assets and liabilities to the Operating Partnership or its subsidiaries in exchange for preferred units having substantially the same economic rights and terms of the Series B Convertible Preferred Stock;

NOW THEREFORE, the Corporation, the managing general partner of the Operating Partnership (in such capacity, the "Managing General Partner"), hereby designates a series of preferred units and fixes the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. Designation and Number. The units of such series shall be designated "6.50% Series B Convertible Preferred Units" (the "Series B Convertible Preferred Units"). The authorized number of shares of Series B Convertible Preferred Units shall be 5,000,000. Each share of Series B Convertible Preferred Stock, as it relates to a single Series B Convertible Preferred Unit, shall be deemed the "Related Issue" hereunder.

SECTION 2. Distributions. The holders of Series B Convertible Preferred Units, in preference to the holders of Partnership Units of the Operating Partnership (the "Common Units"), any other series of Preferred Units ranking junior to the Series B Convertible Preferred Units either as to distributions or upon liquidation, dissolution or winding up ("Junior Preferred Units") or any other class or series of units of the Operating Partnership ranking junior to the Series B Convertible Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Other Junior Units"), shall be entitled to receive an amount equal to the aggregate dividends payable on the Related Issue at the times such dividends are paid. For this purpose, the aggregate dividends payable on the Related Issue shall be determined by assuming that adequate cash and earnings are available to the Corporation for the payment of any dividends required to be paid with respect to the Related Issue. The Series B Convertible Preferred Units shall, with respect to allocations and distributions pursuant to Article VI of the Partnership Agreement, rank (A) junior to any other series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank prior to the Series B Convertible Preferred Units as to distributions and redemption rights, (B) *pari passu* with any other series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank *pari passu* with the Series B Convertible Preferred Units as to distributions and redemption rights and (C) prior to the Common Units, Junior Preferred Units and any Other Junior Units.

SECTION 3. Conversion. (a) *General.* On the terms and subject to the conditions of the Series B Convertible Preferred Stock Certificate of Designation (filed with the Corporation's charter documents in the State of Delaware), the Series B Convertible Preferred Stock may be converted into shares of Common Stock, par value \$.0001 per share, of the Corporation ("Common Stock"). The Series B Convertible Preferred Units shall be converted into Common Units at the time, at the conversion price and in such number as the Related Issue is converted into Common Stock. Common Units issuable upon the conversion of Series B Convertible Preferred Units shall be deemed "Conversion Units" hereunder.

(b) *Warrants Issued for Fractional Conversion Units.* No fractional Conversion Units or scrip representing fractions of Conversion Units shall be issued upon conversion of Series B Convertible Preferred Units. If a fractional Conversion Unit is otherwise deliverable to a converting holder upon a conversion of Series B Convertible Preferred Units, the Operating Partnership shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fraction, calculated to the nearest 1/1000th of a unit, to be computed using the current market price of a share of Common Stock on the date of conversion, determined in accordance with subparagraph 4(11) of the Series B Convertible Preferred Stock Certificate of Designation.

(c) *Payment of Taxes.* The Operating Partnership shall pay all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of securities on conversion of the Series B Convertible Preferred Units; *provided, however*, that (i) the Operating Partnership shall not be required to pay any tax to the extent payable in respect of any transfer involved in the issue or delivery of securities in a name other than that of the holder of Series B

Convertible Preferred Units to be converted and (ii) no such issue or delivery shall be made unless and until such holder has paid to the Operating Partnership the amount of any tax described in clause (i) payable in respect of the units of such holder or has established, to the satisfaction of the Operating Partnership, that such tax has been paid or provided for.

SECTION 4. Status of Converted or Redeemed Series B Convertible Preferred Units. Upon any conversion or any redemption, repurchase or other acquisition by the Operating Partnership of Series B Convertible Preferred Units, the Series B Convertible Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 5. Redemption. Upon the redemption of any shares of the Related Issue, the Operating Partnership shall redeem an equal number of Series B Convertible Preferred Units for a redemption price per unit equal to the redemption price per share of the Related Issue, exclusive of any accrued unpaid dividends.

**CERTIFICATE OF DESIGNATION
OF
8.00% SERIES E CUMULATIVE REDEEMABLE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

Pursuant to Articles 4.3(c) and 9.4 of the Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P. (the "Operating Partnership");

WHEREAS, Simon Property Group, Inc. (the "Corporation") has issued 1,000,000 shares of 8.00% Series E Cumulative Redeemable Preferred Stock (the "Series E Cumulative Redeemable Preferred Stock"); and

WHEREAS, in accordance with the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement"), the Corporation has made a contribution of assets to the Operating Partnership in exchange for preferred units having substantially the same economic rights and terms of the Series E Cumulative Redeemable Preferred Stock.

NOW THEREFORE, the managing general partner of the Operating Partnership (in such capacity, the "Managing General Partner"), has designated a series of preferred units and has fixed the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. *Designation and Number.* The units of such series shall be designated "8.00% Series E Cumulative Redeemable Preferred Units" (the "Series E Cumulative Redeemable Preferred Units"). The authorized number of Series E Cumulative Redeemable Preferred Units shall be 1,000,000. Each share of Series E Cumulative Redeemable Preferred Stock, as it relates to a single Series E Cumulative Redeemable Preferred Unit, shall be deemed the "Related Issue" hereunder.

SECTION 2. *Distributions.* The holders of Series E Cumulative Redeemable Preferred Units, in preference to the holders of Partnership Units of the Operating Partnership (the "Common Units"), any other series of Preferred Units ranking junior to the Series E Cumulative Redeemable Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Junior Preferred Units") or any other class or series of units of the Operating Partnership ranking junior to the Series E Cumulative Redeemable Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Other Junior Units"), shall be entitled to receive an amount equal to the aggregate dividends payable on the Related Issue at the times such dividends are paid. For this purpose, the aggregate dividends payable on the Related Issue shall be determined by assuming that adequate cash and earnings are available to the Corporation for the payment of any dividends required to be paid with respect to the Related Issue. The Series E Cumulative Redeemable Preferred Units shall, with respect to allocations and distributions pursuant to Article VI of the Partnership Agreement, rank (A) junior to any other series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank prior to the Series E Cumulative Redeemable Preferred Units as to distributions and redemption rights, (B) *pari passu* with any series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank *pari passu* with the Series E Cumulative Redeemable Preferred Units as to distributions and redemption rights and (C) prior to the Common Units, Junior Preferred Units and any Other Junior Units.

SECTION 3. *Status of Redeemed Series E Cumulative Redeemable Preferred Units.* Upon any redemption, repurchase or other acquisition by the Operating Partnership of Series E Cumulative Redeemable Preferred Units, the Series E Cumulative Redeemable Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 4. *Redemption.* Upon the redemption of any shares of the Related Issue, the Operating Partnership shall redeem an equal number of Series E Cumulative Redeemable Preferred Units for a redemption price per unit equal to the redemption price per share of the Related Issue, exclusive of any accrued unpaid dividends.

**CERTIFICATE OF DESIGNATION
OF
8³/₄% SERIES F CUMULATIVE REDEEMABLE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

Pursuant to Articles 4.3(c) and 9.4 of the Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P. (the "Operating Partnership");

WHEREAS, pursuant to an Agreement of Merger dated May 9, 2001 (the "Agreement of Merger") between SPG Properties, Inc., a Maryland corporation ("Properties") and Simon Property Group, Inc., a Delaware corporation (the "Corporation"), Properties was merged with and into the Corporation, with the Corporation being the surviving corporation, effective as of July 1, 2001 (the "Effective Time"); and

WHEREAS, at the Effective Time, each of the issued and outstanding shares of Properties' 8³/₄% Series B Cumulative Redeemable Preferred Stock, par value \$.0001 per share (the "Series B Cumulative Redeemable Preferred Stock"), were converted into the right to receive one share of the Corporation's 8³/₄% Series F Cumulative Redeemable Preferred Stock, par value \$.0001 per share (the "Series F Cumulative Redeemable Preferred Stock"); and

WHEREAS, the Series F Cumulative Redeemable Preferred Stock is intended to have identical powers, designations, preferences and rights as the Series B Cumulative Redeemable Preferred Stock; and

WHEREAS, at the Effective Time, the Corporation issued 8,000,000 shares of the Series F Cumulative Redeemable Preferred Stock; and

WHEREAS, in accordance with the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership, Properties made a contribution of assets to the Operating Partnership in exchange for preferred units designated 8³/₄% Series B Cumulative Redeemable Preferred Units (the "Series B Cumulative Redeemable Preferred Units") having substantially the same economic rights and terms as the Series B Cumulative Redeemable Preferred Stock; and

WHEREAS, the Corporation, as the general partner of the Operating Partnership (in such capacity, the "General Partner") wishes to evidence that as of the Effective Time, the Series B Cumulative Redeemable Preferred Units previously designated by the General Partner have substantially the same economic rights and terms as the Series F Cumulative Redeemable Preferred Stock, and further wishes to re-designate such preferred units to correspond to the Series F Cumulative Redeemable Preferred Stock.

NOW THEREFORE, the Corporation, as general partner of the Operating Partnership (in such capacity, the "General Partner"), has designated a series of preferred units and has fixed the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. *Designation and Number.* The units of such series shall be designated "8³/₄% Series F Cumulative Redeemable Preferred Units" (the "Series F Cumulative Redeemable Preferred Units"). The authorized number of shares of Series F Cumulative Redeemable Preferred Units shall be 8,000,000. Each share of Series F Cumulative Redeemable Preferred Stock, as it relates to a single Series F Cumulative Redeemable Preferred Unit, shall be deemed the "Related Issue" hereunder.

SECTION 2. *Distributions.* The holders of Series F Cumulative Redeemable Preferred Units, in preference to the holders of Partnership Units (as that term is defined in the Partnership Agreement) of the Operating Partnership (the "Common Units"), any other series of Preferred Units ranking junior to the Series F Cumulative Redeemable Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Junior Preferred Units") or any other class or series of units of the Operating Partnership ranking junior to the Series F Cumulative Redeemable Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Other Junior Units"), shall be entitled to receive an amount equal to the aggregate dividends payable on the Related Issue at the times such dividends are paid. For this purpose, the aggregate dividends payable on the Related Issue shall be determined by assuming that adequate cash

and earnings are available to the Corporation for the payment of any dividends required to be paid with respect to the Related Issue. The Series F Cumulative Redeemable Preferred Units shall, with respect to allocations and distributions pursuant to Article VI of the Partnership Agreement, rank (A) junior to any other series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank prior to the Series F Cumulative Redeemable Preferred Units as to distributions and redemption rights, (B) *pari passu* with any series of Preferred Units hereafter duly established, the terms of which shall specifically provide that

such series shall rank *pari passu* with the Series F Cumulative Redeemable Preferred Units as to distributions and redemption rights and (C) prior to the Common Units, Junior Preferred Units and any Other Junior Units.

SECTION 3. Status of Redeemed Series F Cumulative Redeemable Preferred Units. Upon any redemption, repurchase or other acquisition by the Operating Partnership of Series F Cumulative Redeemable Preferred Units, the Series F Cumulative Redeemable Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 4. Redemption. Upon the redemption of any shares of the Related Issue, the Operating Partnership shall redeem an equal number of Series F Cumulative Redeemable Preferred Units for a redemption price per unit equal to the redemption price per share of the Related Issue, exclusive of any accrued unpaid dividends.

**CERTIFICATE OF DESIGNATION
OF
7.89% SERIES G CUMULATIVE STEP-UP PREMIUM RATE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

Pursuant to Articles 4.3(c) and 9.4 of the Seventh Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P. (the "Operating Partnership");

WHEREAS, pursuant to an Agreement of Merger dated May 9, 2001 (the "Agreement of Merger") between SPG Properties, Inc., a Maryland corporation ("Properties") and Simon Property Group, Inc., a Delaware corporation (the "Corporation"), Properties were merged with and into the Corporation, with the Corporation being the surviving corporation, effective as of July 1, 2001 (the "Effective Time"); and

WHEREAS, at the Effective Time, each of the issued and outstanding shares of Properties' 7.89% Series C Cumulative Step-Up Premium Rate Preferred Stock, par value \$.0001 per share (the "Series C Cumulative Step-Up Premium Rate Preferred Stock"), were converted into the right to receive one share of the Corporation's 7.89% Series G Cumulative Step-Up Premium Rate Preferred Stock, par value \$.0001 per share (the "Series G Cumulative Step-Up Premium Rate Preferred Stock"); and

WHEREAS, the Series G Cumulative Step-Up Premium Rate Preferred Stock is intended to have identical powers, designations, preferences and rights as the Series C Cumulative Step-Up Premium Rate Preferred Stock; and

WHEREAS, at the Effective Time, the Corporation issued 3,000,000 shares of the Series G Cumulative Step-Up Premium Rate Preferred Stock; and

WHEREAS, in accordance with the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership, Properties made a contribution of assets to the Operating Partnership in exchange for preferred units designated 7.89% Series C Cumulative Step-Up Premium Rate Preferred Units (the "Series C Cumulative Step-Up Premium Rate Preferred Units") having substantially the same economic rights and terms as the Series C Cumulative Step-Up Premium Rate Preferred Stock; and

WHEREAS, the Corporation, as the general partner of the Operating Partnership (in such capacity, the "General Partner") wishes to evidence that as of the Effective Time, the Series C Cumulative Step-Up Premium Rate Preferred Units previously designated by the General Partner have substantially the same economic rights and terms as the Series G Cumulative Step-Up Premium Rate Preferred Stock, and further wishes to re-designate such preferred units to correspond to the Series G Cumulative Step-Up Premium Rate Preferred Stock.

NOW THEREFORE, the General Partner has designated a series of preferred units and has fixed the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. Designation and Number. The units of such series shall be designated "7.89% Series G Cumulative Step-Up Premium Rate Preferred Units" (the "Series G Cumulative Step-Up Premium Rate Preferred Units"). The authorized number of shares of Series G Cumulative Step-Up Premium Rate Preferred Units shall be 3,000,000. Each share of Series G Cumulative Step-Up Premium Rate Preferred Stock, as it relates to a single Series G Cumulative Step-Up Premium Rate Preferred Unit, shall be deemed the "Related Issue" hereunder.

SECTION 2. Distributions. The holders of Series G Cumulative Step-Up Premium Rate Preferred Units, in preference to the holders of Partnership Units (as that term is defined in the Partnership Agreement) of the Operating Partnership (the "Common Units"), any other series of Preferred Units ranking junior to the Series G Cumulative Step-Up Premium Rate Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Junior Preferred Units") or any other class or series of units of the Operating Partnership ranking junior to the Series G Cumulative Step-Up Premium Rate Preferred Units either as to distributions or upon liquidation, dissolution or winding-up ("Other Junior Units"), shall be entitled to receive an amount equal to the aggregate dividends payable on the Related Issue at the times such dividends are paid. For this purpose, the aggregate dividends payable on the Related Issue shall be determined by assuming that adequate cash and earnings are available to the Corporation for the payment of any dividends required to be paid with respect to the Related Issue. The Series G Cumulative Step-Up Premium Rate Preferred Units shall, with respect to allocations and distributions pursuant to Article VI of the Partnership Agreement, rank (A) junior to any other series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank prior to the Series G Cumulative Step-Up Premium Rate Preferred Units as to distributions and redemption rights, (B) *pari passu* with any series of Preferred Units hereafter duly established, the terms of which shall specifically provide that such series shall rank *pari passu* with the Series G

Cumulative Step-Up Premium Rate Preferred Units as to distributions and redemption rights and (C) prior to the Common Units, Junior Preferred Units and any Other Junior Units.

SECTION 3. *Status of Redeemed Series G Cumulative Step-Up Premium Rate Preferred Units.* Upon any redemption, repurchase or other acquisition by the Operating Partnership of Series G Cumulative Step-Up Premium Rate Preferred Units, the Series G Cumulative Step-Up Premium Rate Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 4. *Redemption.* Upon the redemption of any shares of the Related Issue, the Operating Partnership shall redeem an equal number of Series G Cumulative Step-Up Premium Rate Preferred Units for a redemption price per unit equal to the redemption price per share of the Related Issue, exclusive of any accrued unpaid dividends.

EXHIBIT B-2—LP PREFERRED UNIT DESIGNATION

**CERTIFICATE OF DESIGNATION
OF
7.00% CUMULATIVE CONVERTIBLE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

WHEREAS, Simon Property Group, L.P. (the "Operating Partnership") has agreed to designate a series of preferred units having the powers, preferences and relative, participating, optional or other special rights set forth herein and to issue the units so designated solely as partial consideration for the NED Portfolio Properties as defined in certain contribution agreements with respect to properties the sale of which was arranged by NED Management Limited Partnership and WellsPark Management LLC and, under certain circumstances, as partial consideration for Pheasant Lane Mall in Nashua New Hampshire and Cambridgeside Galleria in Cambridge, Massachusetts pursuant to contribution agreements with respect to those properties (the contribution agreements for the NED Portfolio Properties. Pheasant Lane Mall and Cambridgeside Galleria are referred to herein as the "Contribution Agreements"); and

WHEREAS, the designation of the preferred units of the Operating Partnership hereby is permitted by the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement"); and

WHEREAS, Simon Property Group, Inc. (the "Corporation"), the managing general partner of the Operating Partnership (in such capacity, the "Managing General Partner"), has determined that it is in the best interest of the Operating Partnership to designate a new series of preferred units of the Operating Partnership;

NOW THEREFORE, the Managing General Partner hereby designates a series of preferred units and fixes the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. *Designation and Number.* The units of such series shall be designated "7.00% Cumulative Convertible Preferred Units" (the "7.00% Cumulative Convertible Preferred Units"). The authorized number of 7.00% Cumulative Convertible Preferred Units shall be 1,500,000 but such 7.00% Cumulative Convertible Preferred Units shall only be issuable as consideration pursuant to the Contribution Agreements. Subject to Sections 5 and 6 hereof, each 7.00% Cumulative Convertible Preferred Unit shall be paired with one (1) 8.00% Cumulative Redeemable Preferred Unit of the Operating Partnership ("8.00% Cumulative Redeemable Preferred Unit") or, if issued, with New Preferred Units as permitted under Section 5 of the Certificate of Designation of 8.00% Cumulative Redeemable Preferred Units (the "8.00% Certificate of Designation") and such paired units shall be subject to the transfer restrictions set forth in Section 9 hereof (as such, "Paired Units"); provided that in the event of (i) the redemption by the Operating Partnership of 8.00% Cumulative Redeemable Preferred Units for Common Units; (ii) the conversion of 8.00% Cumulative Redeemable Preferred Units into 8.00% Cumulative Redeemable Preferred Stock (as defined in the 8.00% Certificate of Designation) as permitted under Section 6 of such 8.00% Certificate of Designation or (iii) the repurchase of 8.00% Cumulative Redeemable Preferred Units payable in Paired Shares as permitted under Section 7 of such 8.00% Certificate of Designation, then in each such case, the 7% Cumulative Convertible Preferred Units shall cease to be paired with such Common Units issuable upon such redemption, such 8.00% Cumulative Redeemable Preferred Stock issuable upon such conversion, or such Paired Shares issuable upon repurchase, as the case may be, of the 8.00% Cumulative Redeemable Preferred Units and the provisions of Section 9(b) hereof shall no longer apply to the 7.00% Cumulative Convertible Preferred Units which had been paired with the 8.00% Cumulative Redeemable Preferred Stock which were so redeemed or converted.

SECTION 2. *Ranking* The 7.00% Cumulative Convertible Preferred Units shall, with respect to the payment of distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership, rank: (i) senior to the holders of Partnership Units of the Operating Partnership (the "Common Units") and any other equity securities of the Operating Partnership which by their terms rank junior to the 7.00% Cumulative Convertible Preferred Units as to distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership (such Common Units and such other equity securities, collectively, the "Junior Units"), (ii) *pari passu* with any other preferred units which are not by their terms junior or, subject to Section 11 hereof, senior to the 7.00% Cumulative Convertible Preferred Units as to distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership, and in all respects shall rank *pari passu* with the 6.50% Series A Convertible Preferred Units, Series B Convertible Preferred Units, 8³/₄% Series B Cumulative Redeemable Preferred Units, 7.89% Series C Cumulative Step-Up Premium Rate Preferred Units and 8.00% Cumulative Redeemable Preferred Units, which are the only preferred units of the Operating Partnership authorized

as of the date hereof ("Parity Units") and (iii) subject to Section 11 hereof, junior to any other preferred units which by their terms are senior to the 7.00% Cumulative Convertible Preferred Units as to distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership ("Senior Units").

SECTION 3. *Distributions* (a) Distributions on the 7.00% Cumulative Convertible Preferred Units are cumulative from the date of issuance and are payable quarterly on or about the last day of March, June, September and December of each year in an amount in cash equal to 7.00% of the Liquidation Preference (as defined herein) per annum.

(b) Distributions on the 7.00% Cumulative Convertible Preferred Units, without any additional return on unpaid distributions, will accrue, whether or not the Operating Partnership has earnings, whether or not there are funds legally available for the payment of such distribution and whether or not such distributions are declared or paid when due. All such distributions accumulate from the first date of issuance of any such 7.00% Cumulative Convertible Preferred Units. Distributions on the 7.00% Cumulative Convertible Preferred Units shall cease to accumulate on such units on the date of their earlier conversion or redemption.

(c) In allocating items of income, gain, loss and deductions which could have an effect upon the determination of the federal income tax liability of any holder of a 7.00% Cumulative Convertible Preferred Unit, except as otherwise required by Section 704(c) of the Internal Revenue Code of 1986, as amended, or any other applicable provisions thereof, the Operating Partnership shall allocate each such item proportionately, based on the distributive share of profits or losses, as the case may be, of the Operating Partnership allocated to holders of the 7.00% Cumulative Convertible Preferred Units as compared to the total of the distributive shares of such profits and losses, as the case may be, allocated to all partners of the Operating Partnership.

(d) If any 7.00% Cumulative Convertible Preferred Units are outstanding, then, except as provided in the following sentence, no distributions shall be declared or paid or set apart for payment on any Parity Units or Junior Units for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payments on the 7.00% Cumulative Convertible Preferred Units for all past distribution periods and the then current distribution period. When distributions are not paid in full (or a sum sufficient for such full payment is not set apart) upon the 7.00% Cumulative Convertible Preferred Units and any Parity Units, all distributions declared upon the 7.00% Cumulative Convertible Preferred Units and any other Parity Units shall be declared pro rata so that the amount of distributions declared per 7.00% Cumulative Convertible Preferred Unit and such other Parity Units shall in all cases bear to each other the same ratio that accrued distributions per 7.00% Cumulative Convertible Preferred Unit and such other series of Parity Units bear to each other.

(e) Except as provided in subparagraph (d) above, unless full cumulative distributions on the 7.00% Cumulative Convertible Preferred Units have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past distribution periods and the then current distribution period, no distributions (other than in Junior Units) shall be declared, set aside for payment or paid and no other distribution shall be declared or made upon any Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Junior Units) by the Operating Partnership (except by conversion into or exchange for Junior Units).

SECTION 4. *Liquidation Preference* (a) Each 7.00% Cumulative Convertible Preferred Unit shall be entitled to a liquidation preference of \$28.00 per 7.00% Cumulative Convertible Preferred Unit ("Liquidation Preference").

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership pursuant to Article VIII of the Partnership Agreement, the holders of 7.00% Cumulative Convertible Preferred Units then outstanding shall be entitled to be paid out of the assets of the Operating Partnership available for distribution, after and subject to the payment in full of all amounts required to be distributed to the holders of Senior Units, but before any payment shall be made to the holders of Junior Units, an amount equal to the aggregate Liquidation Preference of the 7.00% Cumulative Convertible Preferred Units held by such holder, plus an amount equal to accrued and unpaid distributions thereon, if any. If upon any such liquidation, dissolution or winding up of the Operating Partnership the remaining assets of the Operating Partnership available for the distribution after payment in full of amounts required to be paid or distributed to holders of Senior Units shall be insufficient to pay the holders of the 7.00% Cumulative Convertible Preferred Units the full amount to which they shall be entitled, the holders of the 7.00% Cumulative Convertible Preferred Units and the holders of any series of Parity Units shall share ratably with other holders of Parity Units in any distribution of the remaining assets and funds of the Operating Partnership in proportion to the respective amounts which would otherwise be payable in respect to the Parity Units held by each of the said holders upon such distribution if all amounts payable on or with respect to said Parity Units were paid in full.

After payment in full of the Liquidation Preference and accumulated and unpaid distributions to which they are entitled, the holders of 7.00% Cumulative Convertible Preferred Units shall not be entitled to any further participation in any distribution of the assets of the Operating Partnership.

SECTION 5. *Redemption* (a) *General*. The 7.00% Cumulative Convertible Preferred Units are not redeemable, except as permitted under Sections 6 and 7 herein, prior to August 27, 2009.

(b) *Optional Redemption*. (i) On and after August 27, 2009, the Operating Partnership may, at its option, at any time, redeem the 7.00% Cumulative Convertible Preferred Units, in whole or in part, at the Liquidation Preference, plus accrued and unpaid distributions thereon, if any, to and including the date of redemption (the "Redemption Price"). The Redemption Price (other than the portion thereof consisting of accrued and unpaid distributions, which shall be payable in cash) is payable in Common Units at the Deemed Partnership Unit Value, as of the Redemption Date (as defined below), of the Common Units to be issued.

(ii) Provided that no later than the Redemption Date the Operating Partnership shall have (A) set apart the funds necessary to pay the accrued and unpaid distribution on all the 7.00% Cumulative Convertible Preferred Units then called for redemption and (B) reserved for issuance a sufficient number of authorized Common Units, the Operating Partnership may give the holders of the 7.00% Cumulative Convertible Preferred Units written notice ("Redemption Notice") of a redemption pursuant to Section 5(b) (a "Redemption") not more than 70 nor less than 40 calendar days prior to the date fixed for redemption (the "Redemption Date") at the address of such holders on the books of the Operating Partnership (provided that failure to give such notice or any defect therein shall not affect the validity of the proceeding for a Redemption except as to the holder to whom the Operating Partnership has failed to give such notice or whose notice was defective). The 7.00% Cumulative Convertible Preferred Units for which the Redemption Price has been paid shall no longer be deemed outstanding from and after the date of payment and all rights with respect to such units shall forthwith cease and terminate. In case fewer than all of the outstanding 7.00% Cumulative Convertible Preferred Units are called for redemption, such units shall be redeemed pro rata, as nearly as practicable, among all holders of 7.00% Cumulative Convertible Preferred Units, provided that, if within 20 business days of the Redemption Notice the Contributor Representative (as such term is defined in the Tax Protection Agreement entered into on or prior to the date hereof between Operating Partnership and certain other parties (the "Tax Protection Agreement")) notifies the Operating Partnership of an alternative allocation ("Allocation Notice"), then the redemption of the 7.00% Cumulative Preferred Units shall be allocated in accordance with such Allocation Notice. On or before the Redemption Date, a holder of 7.00% Cumulative Convertible Preferred Units shall have the conversion right set forth in Section 6 hereof notwithstanding anything in this Section 5 to the contrary.

(c) In the event of the redemption of a 7.00% Cumulative Convertible Preferred Unit pursuant to this Section 5 for Common Units (but not any Paired Shares issued upon conversion thereof in exchange therefore), then such Common Units issuable upon such conversion shall be paired with 8.00% Cumulative Redeemable Preferred Units so that they are transferable, redeemable or convertible as a paired unit consisting of the Common Units so issued and one (1) 8.00% Cumulative Redeemable Preferred Unit and such paired units shall be "Paired Units" for purposes hereof.

SECTION 6. *Conversion.* (a) Each 7.00% Cumulative Convertible Preferred Unit shall be convertible at the option of the holder, at any time on and after August 27, 2004, upon no less than 15 business days prior written notice to the Corporation and the Operating Partnership, in whole or in part, unless previously redeemed, pursuant to Section 6(b) below.

(b) Each 7.00% Cumulative Convertible Preferred Unit that the holder elects to convert will be redeemed for the sum of (i) a share of 7.00% Cumulative Convertible Preferred Stock of the Corporation having an aggregate liquidation preference equal to the Liquidation Preference of the 7.00% Cumulative Convertible Preferred Units that the holder elects to convert plus (ii) a cash payment in an amount equal to accrued and unpaid distributions thereon. The preferred stock of the Corporation so issued shall have the rights and preferences set forth on Annex I hereto ("Corporation 7.00% Cumulative Convertible Preferred Stock"); provided, however, if the Closing Price of the Paired Shares on any three (3) consecutive trading days occurring after the date hereof is greater than the then Threshold Value (defined below), then each such 7.00% Cumulative Convertible Preferred Unit that the holder so elects to convert will instead be converted into 0.75676 Common Units (as adjusted from time to time pursuant to Section 6(c) hereof, the "Conversion Factor"). Common Units or Corporation 7.00% Cumulative Convertible Preferred Stock issuable upon the conversion of 7.00% Cumulative Convertible Preferred Units shall be deemed "Conversion Units" hereunder. The "Threshold Value" initially shall be \$37.00 but shall be subject to adjustment pursuant to Section 6(d) hereof.

(c) Adjustments to the Conversion Factor. (i) Adjustments for Dividends and Distributions. In case the Operating Partnership shall at any time or from time to time after the original issuance of the 7.00% Cumulative

Convertible Preferred Units declare a dividend, or make a distribution, on the outstanding Common Units, in either case, in additional Common Units, or effect a subdivision, combination, consolidation or reclassification of the outstanding Common Units into a greater or lesser number of Common Units, then, and in each such case, the Conversion Factor in effect immediately prior to such event or the record date therefore, whichever is earlier, shall be adjusted by multiplying such Conversion Factor by a fraction, (A) the numerator of which is the number of Common Units that were outstanding immediately after such event and (B) the denominator of which is the number of Common Units outstanding immediately prior to such event. An adjustment made pursuant to this Section 6(c) shall become effective in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of Common Units entitled to receive such dividend or distribution, or in the case of any such subdivision, reclassification, consolidation or combination, at the close of business on the day upon which such partnership action becomes effective.

(ii) Adjustment for Issuances. In case the Corporation shall issue (other than upon the exercise of options, rights or convertible securities) Paired Shares at a price per share less than 95% of the Current Per Share Market Price, then, and in each such case, the Conversion Factor in effect immediately prior to such issuance shall be adjusted so as to be equal to an amount determined by multiplying the Conversion Factor in effect immediately prior to such event by a fraction of which (A) the numerator shall be (x) the number of Paired Shares outstanding at the close of business on the date immediately preceding such issuance plus (y) the number of Paired Shares so issued and (B) the denominator shall be (x) the number of Paired Shares outstanding immediately preceding such issuance plus (y) the number of Paired Shares which the aggregate consideration receivable by the Corporation in connection with such issuance would purchase at such Current Per Share Market Price. For purposes of this Section 6(c)(ii), the aggregate consideration receivable by the Corporation in connection with the issuance for cash of Paired Shares shall be deemed to be equal to the gross offering price (before deduction of customary underwriting discounts or commissions and expenses payable to third parties) of all such securities being issued.

(iii) Issuance of Options, Warrants or Other Rights. In case the Corporation shall issue rights to subscribe for or purchase, or options or warrants to purchase, any Paired Shares (or securities convertible into Paired Shares) at a price per Paired Share (or having a conversion price per Paired Share) less than 95% of the Current Per Share Market Price, the Conversion Factor in effect immediately prior thereto shall be adjusted so that it shall equal the price determined by multiplying the Conversion Factor in effect immediately prior thereto by a fraction, of which (A) the numerator shall be (x) the number of Paired Shares outstanding on the date immediately preceding such issuance plus (y) the total number of additional Paired Shares offered for subscription or issuable upon exercise of such options or warrants (or into which the convertible securities so offered are convertible) and (B) the denominator of which shall be (x) the number of Paired Shares outstanding at the close of business on the date immediately preceding such issuance plus (y) the number of Paired Shares which the aggregate offering price of the total number of Paired Shares so offered for subscription or issuable upon exercise of such options or warrants (or the aggregate conversion price of the convertible securities so offered) would purchase at such the Current Per Share Market Price. Such adjustment shall be made successively whenever any rights, options or warrants are issued; provided, however, that in the event that all Paired Shares offered for subscription or purchase are not delivered (or securities convertible into Paired Shares are not delivered) upon the exercise of such rights, options or warrants, upon the expiration of such rights, options or warrants the Conversion Factor shall be readjusted to the Conversion Factor which would have been in effect had the numerator and the denominator of the foregoing fraction and the resulting adjustments made upon the issuance of such rights, options or warrants been made based upon the number of Paired Shares (or securities convertible into Paired Shares) actually delivered upon the exercise of such rights, options or warrants rather than upon the number of Paired Shares offered for subscription or purchase. In determining whether any rights, options or warrants entitle the holders to subscribe for or purchase Paired Shares at less than 95% of such Current Per Share Market Price, and in determining the aggregate offering price of such rights, options or warrants (or the aggregate conversion price of the convertible securities), there shall be taken into account any consideration received by the Corporation for such rights, options or warrants (or convertible securities) and receivable by the Corporation upon the exercise or conversion thereof, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors. Notwithstanding the foregoing, this Section 6(c)(iii) shall not apply to the issuance of a right, option or warrant to purchase Paired Shares pursuant to any employee stock option or similar plan adopted by the Board of Directors of the Corporation.

(iv) Adjustment for Consolidation, Merger, Reorganization or Recapitalization, etc. In case of any consolidation, merger or reorganization of the Corporation or the Operating Partnership with or into another Entity or the sale of all or substantially all of the assets of the Corporation or the Operating Partnership to another Entity (other than a consolidation, merger or sale which is treated as a liquidation pursuant to Section 4 hereof or any recapitalization of either the Corporation or the Operating Partnership), each 7.00% Cumulative Convertible Preferred Unit shall, in the case of such sale, thereafter be convertible into the kind and amount of shares of stock or other securities or property

to which a holder of the number of shares of Corporation 7.00% Cumulative Convertible Preferred Stock of the Corporation or Common Units of the Operating Partnership, as the case may be, deliverable upon conversion of such 7.00% Cumulative Convertible Preferred Units would have been entitled upon such sale and, in the case of such consolidation, merger or reorganization or recapitalization, the holder of each 7.00% Cumulative Convertible Preferred Unit will, insofar as practicable, receive a security or securities in the surviving entity or the recapitalized entity, as the case may be, comparable to the 7.00% Cumulative Convertible Preferred Unit which, among other comparable provisions, insofar as may be practicable, shall be convertible into securities comparable to the Common Units but shall, following such merger, consolidation or reorganization, be immediately convertible following such merger, consolidation or reorganization notwithstanding the requirements set forth in Section 6(b) hereof; and, in such case, other appropriate adjustments (as determined in good faith by the Board of Directors of the Corporation, in the case of a consolidation, merger, reorganization, recapitalization or sale involving the Corporation, or the Managing General Partner, in the

case of a consolidation, merger, reorganization, recapitalization or sale involving the Operating Partnership) shall be made in the application of the provisions in this Section 6 set forth with respect to the rights and interests thereafter of the holders of the 7.00% Cumulative Convertible Preferred Units, to the end that the provisions set forth in this Section 6 (including provisions with respect to changes in and other adjustments of the Conversion Factor) shall thereafter be applicable, as nearly as reasonably may be, in relation to any shares of stock, partnership units or other property thereafter deliverable upon the conversion of the 7.00% Cumulative Convertible Preferred Units.

(d) Adjustments to the Threshold Value. (i) In case the Corporation shall at any time or from time to time after the original issuance of the 7.00% Cumulative Convertible Preferred Units declare a dividend, or make a distribution, on the outstanding Paired Shares, in either case, in additional Paired Shares, or effect a subdivision, combination, consolidation or reclassification of the outstanding Paired Shares into a greater or lesser number of Paired Shares, then, and in each such case, the Threshold Value in effect immediately prior to such event or the record date therefore, whichever is earlier, shall be adjusted by multiplying such Threshold Value by a fraction, (A) the numerator of which is the number of Paired Shares that were outstanding immediately prior such event and (B) the denominator of which is the number of Paired Shares outstanding immediately after to such event.

(ii) The Threshold Value shall also be equitably adjusted to reflect the effect of an issuance which would result in an adjustment to the Conversion Factor under Section 6(c)(iv).

(iii) An adjustment made pursuant to this Section 6(d) shall become effective in the case of any such dividend or distribution, immediately after the close of business on the record date for the determination of holders of Paired Shares entitled to receive such dividend or distribution, or in the case of any such subdivision, reclassification, recapitalization, consolidation or combination, at the close of business on the day upon which such partnership or corporate action becomes effective.

(e) No adjustment in the Conversion Factor or the Threshold Value shall be required unless such adjustment would require an increase or decrease of at least 0.25% of the Conversion Factor or the Threshold Value, as applicable; provided, that any adjustments which by reason of this Section 6(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment.

(f) No fractional Conversion Units or scrip representing fractions of Conversion Units shall be issued upon conversion of a 7.00% Cumulative Convertible Preferred Unit. If a fractional Conversion Unit is otherwise deliverable to a converting holder upon a conversion of 7.00% Cumulative Convertible Preferred Units, the Operating Partnership shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fractional interest, calculated to the nearest 1/1000th of a unit, to be computed using the current market price of a Paired Share on the date of conversion, in the case of a conversion into Common Units.

(g) Whenever the Conversion Factor is adjusted pursuant to Section 6(c) or the Threshold Value is adjusted pursuant to Section 6(d), the Operating Partnership shall promptly mail to the holders of 7.00% Cumulative Convertible Preferred Units at their addresses as shown on the books of the Operating Partnership and to the Contributor Representative at its notice address pursuant to the Tax Protection Agreement a notice stating that the Conversion Factor and/or the Threshold Value, as the case may be, has been adjusted, the effective date of such adjustment and the new Conversion Factor or Threshold Value.

(h) In the event of the conversion of a 7.00% Cumulative Convertible Preferred Unit pursuant to this Section 6 into Common Units, then such Common Units issuable upon such conversion shall be paired with 8.00% Cumulative Redeemable Preferred Units so that they are transferable, redeemable or convertible as a paired unit consisting of 0.75676 Common Units (subject to adjustment) and one (1) 8.00% Cumulative Redeemable Preferred Unit and such paired units shall be "Paired Units" for purposes hereof; provided, however, that 8.00% Cumulative Redeemable Preferred Units shall not be paired with Paired Shares issued upon conversion or in exchange for Common Units. In

the event of the conversion of a 7.00% Cumulative Convertible Preferred Unit pursuant to this Section 6 into 7.00% Cumulative Convertible Preferred Stock, then the 8.00% Cumulative Redeemable Preferred Unit to which it is paired shall simultaneously be converted into 8.00% Cumulative Convertible Preferred Stock pursuant to Section 6 of the 8.00% Certificate of Designation.

SECTION 7. Put Right. (a) In the event of (i) the death of an Actual Taxpayer (as defined in the Tax Protection Agreement) holding directly or indirectly 7.00% Cumulative Convertible Preferred Units, (ii) in the case of 7.00% Cumulative Convertible Preferred Units held directly or indirectly by an Actual Taxpayer in trust, the death of the person designated from time to time by the trustee(s) of such trust, or (iii) a Tax Triggering Event with respect to an Actual Taxpayer holding directly or indirectly 7.00% Cumulative Convertible Preferred Units, then in any such event such holder or the subsequent holder or holders, as the case may be, of such 7.00% Cumulative Convertible Preferred Units may require the Operating Partnership to repurchase such 7.00% Cumulative Convertible Preferred Units, in accordance with Section 7(b) below, at a price of \$28.00 per 7.00% Cumulative Convertible Preferred Unit, plus distributions accrued and unpaid to the repurchase date (such sum, the "Repurchase Price"). As used in this Section 7(a), "Tax Triggering Event" means, with respect to any Actual Taxpayer holding directly or indirectly 7.00% Cumulative Convertible Preferred Units, any transaction by the Operating Partnership (x) involving the Contributed Property and (y) constituting a Taxable Sale. The terms Contributed Property and Taxable Sale shall have the meanings specified in the Tax Protection Agreement. The term "Repurchase Date" shall mean the date on which the first payment (in cash or Paired Shares) is made as described in Section 7(b) below.

(b) The aggregate Repurchase Price shall be paid within one year after the exercise of the right described in Section 7(a) above, at the option of the Operating Partnership, (i) in cash, or (ii) in fully registered Paired Shares valued at the Current Per Share Market Price for such Paired Shares as of the date such shares are to be issued hereunder, except that the portion of the aggregate Repurchase Price consisting of accrued and unpaid distributions shall be paid in full in cash when such distributions are paid with respect to other 7.00% Cumulative Convertible Preferred Units, but in no event later than the time of the first cash payment provided in this Section 7(b) or the issuance of such Paired Shares, as the case may be. If the Operating Partnership elects to pay for the 7.00% Cumulative Convertible Preferred Units in cash, the aggregate Repurchase Price shall be paid, at the option of the Operating Partnership, either (x) in full on or before such date which is one year after the exercise of the right described in Section 7(a) above or (y) in four (4) equal annual installments commencing not later than one year after the exercise of the right described in Section 7(a) above, with interest accruing on unpaid amounts from the date of exercise of the right described in Section 7(a) above at the rate of 7% per annum.

SECTION 8. No Right to Certain Distributions. Any holder of 7.00% Cumulative Convertible Preferred Units whose units are redeemed pursuant to Section 5 hereto, converted pursuant to Section 6 hereto or caused to be repurchased pursuant to Section 7 hereto, prior to being entitled to received any cash or other securities upon the occurrence of any such event, will be required to execute and deliver to the Operating Partnership and the Corporation a Distribution Return Agreement substantially in the form of Annex II hereto.

SECTION 9. *Restrictions on Transfer; Stapled Security.* Restrictions on Transfer, Redemption, Conversion or Put; Stapled Security. (a) The Paired Units shall be subject to the restrictions on transfer set forth in Sections 9.3 and 9.5 of the Partnership Agreement as if such units were "Partnership Units" there under. Any transfer or attempted transfer in violation of the provisions of this Section 9(a) shall be null and void.

(b) Notwithstanding anything in this Certificate of Designation to the contrary, Paired Units shall only be transferred to a transferee, caused to be redeemed pursuant to Section 5, converted pursuant to Section 6 or caused to be repurchased pursuant to Section 7 as a Paired Unit, if any such units are otherwise required to be paired under this Certificate of Designation. Any such transfer, redemption or repurchase or attempted transfer, redemption or repurchase of 7.00% Cumulative Convertible Preferred Units in violation of the provisions of this Section 9(b) shall be null and void.

SECTION 10. *Status of Converted or Redeemed 7.00% Cumulative Convertible Preferred Units.* Upon any conversion or any redemption, repurchase or other acquisition by the Operating Partnership of 7.00% Cumulative Convertible Preferred Units, the 7.00% Cumulative Convertible Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 11. *Voting.* (a) The Operating Partnership shall not, without the affirmative consent or approval of the holders of at least a majority of the 7.00% Cumulative Convertible Preferred Units then outstanding, voting separately as a class, (i) authorize any Senior Units; (ii) amend, alter or modify any of the provisions of this Certificate of Designation so as to adversely affect the holders of 7.00% Cumulative Convertible Preferred Units; or (iii) issue to any holder of Common Units any Parity Units by way of exchange, distribution or similar transaction in respect of such

Common Units, unless such exchange, distribution or similar transaction is for fair value (as determined in good faith by the Managing General Partner).

(b) The Corporation shall not, without the affirmative consent or approval of the holders of at least a majority in Liquidation Preference of the 7.00% Cumulative Convertible Preferred Units and Corporation 7.00% Cumulative Convertible Preferred Stock then outstanding, voting together as a single class, (i) authorize any Senior Preferred Stock (as defined in Annex I hereto) or (ii) amend, alter or modify any of the provisions of the Certificate of Designation of the Corporation 7.00% Cumulative Convertible Preferred Stock so as to adversely affect the holders thereof.

SECTION 12. *Registration Rights for Corporation 7.00% Cumulative Convertible Preferred Stock.* The Corporation 7.00% Cumulative Convertible Preferred Stock issued to any holder of 7.00% Cumulative Convertible Preferred Units pursuant to Section 6 hereof shall be deemed "Registrable Securities" for purposes of Section 9.6 of the Partnership Agreement, subject to the limitations and qualifications contained in Section 9.6 of the Partnership Agreement unless the holder of such 7.00% Cumulative Convertible Preferred Units is party to a registration rights agreement pursuant to Section 5.06 of the Portfolio Agreement, in which case such holder exclusively shall have the rights set forth therein.

SECTION 13. *Issuance of Paired SRC Limited Partnership Units.* If any Common Units are to be issued to a holder of a 7.00% Cumulative Convertible Preferred Unit in connection with the redemption or conversion of such 7.00% Cumulative Convertible Preferred Unit as provided herein, the Operating Partnership shall distribute to the holder of such 7.00% Cumulative Convertible Preferred Unit so converted, for no additional consideration, a number of SRC Limited Partnership Units (as defined in the Partnership Agreement) equal to the number of Common Units so issued; provided, however, that if the value of such SRC Limited Partnership Units, as determined by the Operating Partnership consistent with its prior valuation methodology used to value SRC Limited Partnership Units, exceeds \$.50 per Unit, then prior to the distribution of such SRC Limited Partnership Units, the Operating Partnership shall notify the Contributor Representative of its valuation of the SRC Limited Partnership Units. If the Contributor Representative believes that the distribution of such SRC Limited Partnership Units may be taxable to the converting holders under Section 731(a) of the Code it may request that the Operating Partnership offer to provide the converting Partners with the opportunity to enter into so-called "bottom-up" guarantees under terms and conditions set forth in Section 2(z) of the Tax Protection Agreement, mutatis mutandis. Remedy for a failure by the Operating Partnership to comply with such obligation to provide "bottom-up" guarantees shall be as set forth in Section 3 of the Tax Protection Agreement, mutatis mutandis. It shall be a condition to any distribution of SRC Limited Partnership Units to a holder that such holder agree in writing to become a limited partner under the SRC Partnership agreement.

SECTION 14. *Definitions.* Except as otherwise herein expressly provided, the following terms and phrases shall have the meanings set forth below:

"Closing Price" on any date shall mean the last sale price per share, regular way, of the Paired Shares or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, of the Paired Shares in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Paired Shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Paired Shares are listed or admitted to trading or, if the Paired Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System for the Paired Shares or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Paired Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Paired Shares selected from time to time by the Board of Directors of the Managing General Partner.

"Current Per Share Market Price" on any date shall mean the average of the Closing Prices for the five consecutive Trading Days ending on such date.

"Deemed Partnership Unit Value" as of any date shall mean (i) the Current Per Share Market Price as of the Trading Day immediately preceding such date, minus (ii) the SPG Realty Deemed Partnership Unit Value; provided, however, that in the event of a stock dividend, stock split, stock distribution or the like, the Deemed Partnership Unit Value shall be adjusted by the Managing General Partner to provide fair and equitable arrangements, to the extent necessary, to fully adjust and avoid any dilution in the rights of the holders of the 7.00% Cumulative Convertible Preferred Units.

"Entity" shall mean any general partnership, limited partnership, limited liability company, limited liability partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Limited Partners" shall mean those Persons whose names are set forth on Exhibit A to the Partnership Agreement as Limited Partners, their permitted successors or assigns as limited partners hereof, and/or any Person who, at the time of reference thereto, is a limited partner of the Operating Partnership.

"Managing General Partner" shall mean Simon Property Group, Inc., a Delaware corporation.

"Non-Managing General Partners" shall mean, collectively, SD Property Group, Inc. and SPG Properties, Inc.

"Paired Share" shall mean one Share and one Trust Interest.

"Partners" shall mean the Managing General Partner, the Non-Managing General Partners and the Limited Partners, their duly admitted successors or assigns or any Person who is a partner of the Operating Partnership at the time of reference thereto.

"Partnership Units" shall mean the interest in the Operating Partnership of any Partner which entitles a Partner to the allocations (and each item thereof) specified in the Partnership Agreement and all distributions from the Operating Partnership, and its rights of management, consent, approval, or participation, if any, as provided in the Partnership Agreement. Partnership Units do not include Preferred Units. Each Partner's percentage ownership interest in the Operating Partnership shall be determined by dividing the number of Partnership Units then owned by each Partner by the total number of Partnership Units then outstanding.

"Person" shall mean any individual or Entity.

"Shares" shall mean the shares of common stock, par value \$0.0001 per share, of the Corporation.

"SPG Managing General Partner" shall mean SPG Realty Consultants, Inc.

"SPG Realty" shall mean SPG Realty Consultants, Inc.

"SPG Realty Deemed Partnership Unit Value" with respect to a particular Trust Interest as of any date shall mean the value of the SPG Shares underlying such Trust Interest, which shall be an amount equal to the greater of (i) the aggregate par value of the SPG Share underlying the Trust Interest and (ii) the amount determined in good faith by the Board of Directors of the SPG Managing General Partner to represent the fair market net asset value of the SPG Share underlying the Trust Interest.

"SPG Shares" shall mean the Common Stock, par value \$.01 per share of the SPG Managing General Partner.

"Trading Day" shall mean a day on which the principal national securities exchange on which the Paired Shares are listed or admitted to trading is open for the transaction of business or, if the Paired Shares are not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Trust" shall mean the trust owning all of the outstanding shares of Common Stock, par value \$0.0001 per share, of SPG Realty subject to a trust agreement among certain stockholders of the Corporation, a trustee and the SPG Realty pursuant to which all holders of Shares are beneficiaries of such Trust.

"Trust Interest" shall mean a pro rata beneficial interest in the Trust.

DISTRIBUTION RETURN AGREEMENT

Date:

Simon Property Group, L.P.
National City Center
115 West Washington Street, Suite 15 East
Indianapolis, Indiana 46204

Dear Sirs:

The undersigned is a holder of 7.00% Cumulative Convertible Preferred Units ("Preferred Units") of Simon Property Group, L.P., a Delaware limited liability (the "Operating Partnership"). On the date hereof, the undersigned has presented to the Operating Partnership (number) Preferred Units (the "Tendered Units") for (a) redemption (the "Redemption"); (b) conversion (the "Conversion") or (c) repurchase (the "Repurchase") pursuant to their terms. This letter agreement is being given in satisfaction of a condition to the Redemption, Conversion, or Repurchase, as applicable, of the Tendered Units.

The undersigned hereby agrees with the Operating Partnership that, in the event the undersigned receives any payment or distribution with respect to Tendered Units after their Redemption, Conversion, or Repurchase, as applicable, other than a payment or distribution required to be made in connection therewith, the undersigned will promptly remit such payment or distribution back to the Operating Partnership.

In furtherance of the foregoing, the undersigned further grants to the Operating Partnership the right to set off against any unpaid amount due to the Operating Partnership under this letter agreement any debt or other obligation of the Operating Partnership owing to the undersigned, including, without limitation, any dividend or other distribution payable to the undersigned by reason of its ownership of Preferred Units or any other securities of the Operating Partnership.

This letter agreement shall be construed in accordance with, and governed by, the laws of the State of New York, without regard to conflicts of laws principles.

Very truly yours,

(Name of Holder of Preferred Units)

By:
Name:
Title:

AGREED:
SIMON PROPERTY GROUP, L.P.

By:
Name:
Title:

**CERTIFICATE OF DESIGNATION
OF
8.00% CUMULATIVE REDEEMABLE PREFERRED UNITS
OF
SIMON PROPERTY GROUP, L.P.**

WHEREAS, Simon Property Group, L.P. (the "Operating Partnership") has agreed to designate a series of preferred units having the powers, preferences and relative, participating, optional or other special rights set forth herein and to issue the units so designated solely as partial consideration for the NED Portfolio Properties as defined in certain contribution agreements with respect to properties the sale of which was arranged by NED Management Limited Partnership and WellsPark Management LLC and, under certain circumstances, as partial consideration for Pheasant Lane Mall in Nashua New Hampshire and Cambridgeside Galleria in Cambridge, Massachusetts pursuant to contribution agreements with respect to those properties (the contribution agreements for the NED Portfolio Properties. Pheasant Lane Mall and Cambridgeside Galleria are referred to herein as the "Contribution Agreements"); and

WHEREAS, the designation of the preferred units of the Operating Partnership hereby is permitted by the terms of the Seventh Amended and Restated Limited Partnership Agreement of the Operating Partnership (the "Partnership Agreement"); and

WHEREAS, Simon Property Group, Inc. (the "Corporation"), the managing general partner of the Operating Partnership (in such capacity, the "Managing General Partner"), has determined that it is in the best interest of the Operating Partnership to designate a new series of preferred units of the Operating Partnership;

NOW THEREFORE, the Managing General Partner hereby designates a series of preferred units and fixes the designations, powers, preferences and relative, participating, optional or other special rights, and the qualifications, limitations or restrictions thereof, of such preferred units, as follows:

SECTION 1. Designation and Number. The units of such series shall be designated "8.00% Cumulative Redeemable Preferred Units" (the "8.00% Cumulative Redeemable Preferred Units"). The authorized number of 8.00% Cumulative Redeemable Preferred Units shall be 1,500,000 but such 8.00% Cumulative Redeemable Preferred Units shall only be issuable as consideration pursuant to the Contribution Agreements. Subject to Sections 5 and 6 hereof, each 8.00% Cumulative Redeemable Preferred Unit shall be paired with one (1) 7.00% Cumulative Convertible Preferred Unit of the Operating Partnership ("7.00% Cumulative Convertible Preferred Unit") or one (1) Common Unit into which such 7.00% Cumulative Convertible Preferred Unit is converted and such paired units shall be subject to the transfer restrictions set forth in Section 9 hereof (as such, "Paired Units"); provided that in the event of (i) the redemption by the Operating Partnership of the 8.00% Cumulative Redeemable Preferred Units for Common Units; (ii) the conversion of 8.00% Cumulative Redeemable Preferred Units into 8.00% Cumulative Redeemable Preferred Stock (as defined below) as permitted under Section 6 herein or (iii) the repurchase of 8.00% Cumulative Redeemable Preferred Units payable in Paired Shares as permitted under Section 7 herein, then in each such case, the 7.00% Cumulative Convertible Preferred Units shall cease to be paired with such Common Units issuable upon such redemption, such 8.00% Cumulative Redeemable Preferred Stock issuable upon such conversion, or such Paired Shares issuable upon repurchase, as the case may be, and the provisions of Section 9(b) hereof shall no longer apply to 8.00% Cumulative Redeemable Preferred Units which had been paired with the 8.00% Cumulative Redeemable Preferred Stock which were so redeemed or converted.

SECTION 2. Ranking. The 8.00% Cumulative Redeemable Preferred Units shall, with respect to the payment of distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership, rank: (i) senior to the holders of Partnership Units of the Operating Partnership (the "Common Units") and any other equity securities of the Operating Partnership which by their terms rank junior to the 8.00% Cumulative Redeemable Preferred Units as to distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership (such Common Units and such other equity securities, collectively, the "Junior Units"), (ii) *pari passu* with any other preferred units which are not by their terms junior or, subject to Section 11 hereof, senior to the 8.00% Cumulative Redeemable Preferred Units as to distributions pursuant to Section 6.2 of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership, and in all respects shall rank *pari passu* with the 6.50% Series A Convertible Preferred Units, Series B Convertible Preferred Units, 8³/₄% Series B Cumulative Redeemable Preferred Units, 7.89% Series C Cumulative Step-Up Premium Rate Preferred Units and 7.00% Cumulative Convertible Preferred Units, which are the only preferred units of the Operating Partnership authorized as of the date hereof ("Parity Units") and (iii) subject to Section 11 hereof, junior to any other preferred units which by their terms are senior to the 8.00% Cumulative Redeemable Preferred Units as to distributions pursuant to Section 6.2

of the Partnership Agreement or rights upon the dissolution, liquidation or winding-up of the Operating Partnership ("Senior Units").

SECTION 3. Distributions. (a) Distributions on the 8.00% Cumulative Redeemable Preferred Units are cumulative from the date of issuance and are payable quarterly on or about the last day of March, June, September and December of each year in an amount in cash equal to 7.00% of the Liquidation Preference (as defined herein) per annum.

(b) Distributions on the 8.00% Cumulative Redeemable Preferred Units, without any additional return on unpaid distributions, will accrue, whether or not the Operating Partnership has earnings, whether or not there are funds legally available for the payment of such distribution and whether or not such distributions are declared or paid when due. All such distributions accumulate from the first date of issuance of any such 8.00% Cumulative Redeemable Preferred Units. Distributions on the 8.00% Cumulative Redeemable Preferred Units shall cease to accumulate on such units on the date of their earlier conversion or redemption.

(c) In allocating items of income, gain, loss and deductions which could have an effect upon the determination of the federal income tax liability of any holder of the 8.00% Cumulative Redeemable Preferred Unit, except as otherwise required by Section 704(c) of the Internal Revenue Code of 1986, as amended, or any other applicable provisions thereof, the Operating Partnership shall allocate each such item proportionately, based on the distributive share of profits or losses, as the case may be, of the Operating Partnership allocated to holders of the 8.00% Cumulative Redeemable Preferred Units as compared to the total of the distributive shares of such profits and losses, as the case may be, allocated to all partners of the Operating Partnership.

(d) If any 8.00% Cumulative Redeemable Preferred Units are outstanding, then, except as provided in the following sentence, no distributions shall be declared or paid or set apart for payment on any Parity Units or Junior Units for any period unless full cumulative distributions have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for such payments on the 8.00% Cumulative Redeemable Preferred Units for all past distribution periods and the then current distribution period. When distributions are not paid in full (or a sum sufficient for such full payment is not set apart) upon the 8.00% Cumulative Redeemable Preferred Units and any Parity Units, all distributions declared upon the 8.00% Cumulative Redeemable Preferred Units and any other Parity Units shall be declared pro rata so that the amount of distributions declared the 8.00% Cumulative Redeemable Preferred Unit and such other Parity Units shall in all cases bear to each other the same ratio that accrued distributions per 8.00% Cumulative Redeemable Preferred Unit and such other series of Parity Units bear to each other.

(e) Except as provided in subparagraph (d) above, unless full cumulative distributions on the 8.00% Cumulative Redeemable Preferred Units have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof set apart for payment for all past distribution periods and the then current distribution period, no distributions (other than in Junior Units) shall be declared, set aside for payment or paid and no other distribution shall be declared or made upon any Junior Units, nor shall any Junior Units be redeemed, purchased or otherwise acquired for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any such Junior Units) by the Operating Partnership (except by conversion into or exchange for Junior Units).

SECTION 4. *Liquidation Preference.* (a) Each 8.00% Cumulative Redeemable Preferred Unit shall be entitled to a liquidation preference of \$30.00 per 8.00% Cumulative Redeemable Preferred Unit ("Liquidation Preference").

(b) In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership pursuant to Article VIII of the Partnership Agreement, the holders of 8.00% Cumulative Redeemable Preferred Units then outstanding shall be entitled to be paid out of the assets of the Operating Partnership available for distribution, after and subject to the payment in full of all amounts required to be distributed to the holders of Senior Units, but before any payment shall be made to the holders of Junior Units, an amount equal to the aggregate Liquidation Preference of the 8.00% Cumulative Redeemable Preferred Units held by such holder, plus an amount equal to accrued and unpaid distributions thereon, if any. If upon any such liquidation, dissolution or winding up of the Operating Partnership the remaining assets of the Operating Partnership available for the distribution after payment in full of amounts required to be paid or distributed to holders of Senior Units shall be insufficient to pay the holders of the 8.00% Cumulative Redeemable Preferred Units the full amount to which they shall be entitled, the holders of the 8.00% Cumulative Redeemable Preferred Units, and the holders of any series of Parity Units, shall share ratably with other holders of Parity Units in any distribution of the remaining assets and funds of the Operating Partnership in proportion to the respective amounts which would otherwise be payable in respect to the Parity Units held by each of the said holders upon such distribution if all amounts payable on or with respect to said Parity Units were paid in full. After payment in full of the Liquidation Preference and accumulated and unpaid distributions to which they are

entitled, the holders of 8.00% Cumulative Redeemable Preferred Units shall not be entitled to any further participation in any distribution of the assets of the Operating Partnership.

SECTION 5. *Redemption.* (a) *General.* The 8.00% Cumulative Redeemable Preferred Units are not redeemable, except as permitted under Sections 6 and 7 herein, prior to August 27, 2009.

(b) *Optional Redemption.* (i) On and after August 27, 2009, the Operating Partnership may, at its option, at any time, redeem the 8.00% Cumulative Redeemable Preferred Units, in whole or in part, at the Liquidation Preference, plus accrued and unpaid distributions thereon, if any, to and including the date of redemption (the "Redemption Price"). The Redemption Price (other than the portion thereof consisting of accrued and unpaid distributions, which shall be payable in cash) is payable, at the option of the Operating Partnership, in any combination of (i) new preferred unit ("New Preferred Units") of the Operating Partnership having substantially the same terms as the 8.00% Cumulative Redeemable Preferred Units with a distribution coupon to be reset based on the then market rates (such rate to be determined in good faith by the Managing General Partner), or (ii) in Common Units at the Deemed Partnership Unit Value as of the Redemption Date (as defined below), of the Common Units to be issued.

(ii) Provided that no later than the Redemption Date the Operating Partnership shall have (A) set apart the funds necessary to pay the accrued and unpaid distribution on all the 8.00% Cumulative Redeemable Preferred Units then called for redemption and (B) reserved for issuance a sufficient number of authorized Common Units and/or New Preferred Units, the Operating Partnership may give the holders of the 8.00% Cumulative Redeemable Preferred Units written notice ("Redemption Notice") of a redemption pursuant to Section 5(b) (a "Redemption") not more than 70 nor less than 40 calendar days prior to the date fixed for redemption (the "Redemption Date") at the address of such holders on the books of the Operating Partnership (provided that failure to give such notice or any defect therein shall not affect the validity of the proceeding for a Redemption except as to the holder to whom the Operating Partnership has failed to give such notice or whose notice was defective). The 8.00% Cumulative Redeemable Preferred Units for which the Redemption Price has been paid shall no longer be deemed outstanding from and after the date of payment and all rights with respect to such units shall forthwith cease and terminate. In case fewer than all of the outstanding 8.00% Cumulative Redeemable Preferred Units are called for redemption, such units shall be redeemed pro rata, as nearly as practicable, among all holders of 8.00% Cumulative Redeemable Preferred Units, provided that, if within 20 business days of the Redemption Notice the Contributor Representative (as such term is defined in the Tax Protection Agreement entered into on or prior to the date hereof between Operating Partnership and certain other parties (the "Tax Protection Agreement")) notifies the Operating Partnership of an alternative allocation ("Allocation Notice"), then the redemption of the 7.00% Cumulative Preferred Units shall be allocated in accordance with such Allocation Notice. On or before the Redemption Date, a holder of 8.00% Cumulative Redeemable Preferred Units shall have the conversion right set forth in Section 6 hereof notwithstanding anything in this Section 5 to the contrary.

SECTION 6. *Conversion.* (a) Each 8.00% Cumulative Redeemable Preferred Unit shall be convertible at the option of the holder, at any time on and after August 27, 2004, upon no less than 15 business days prior written notice to the Corporation and the Operating Partnership, in whole or in part, unless previously redeemed, pursuant to Section 6(b) below.

(b) Each 8.00% Cumulative Redeemable Preferred Unit that the holder elects to convert will be redeemed for shares of 8.00% Cumulative Redeemable Preferred Stock of the Corporation having an aggregate liquidation preference equal to the Liquidation Preference of the 8.00% Cumulative Redeemable Preferred Units that the holder elects to convert, such preferred stock of the Corporation to have the rights and preferences set forth on Annex I hereto ("Corporation 8.00% Cumulative Redeemable Preferred Stock").

(c) No fractional Conversion Units or scrip representing fractions of Conversion Units shall be issued upon conversion of a 8.00% Cumulative Redeemable Preferred Unit. If a fractional Conversion Unit is otherwise deliverable to a converting holder upon a conversion of 8.00% Cumulative Redeemable Preferred Units, the Operating Partnership shall in lieu thereof pay to the person entitled thereto an amount in cash equal to the current value of such fractional interest,

calculated to the nearest 1/1000th of a unit, to be computed using the current market price of a Paired Share on the date of conversion, in the case of a conversion into Common Units.

SECTION 7. Put Right. (a) In the event of (i) the death of an Actual Taxpayer (as defined in the Tax Protection Agreement) holding directly or indirectly 8.00% Cumulative Redeemable Preferred Units, (ii) in the case of 8.00% Cumulative Redeemable Preferred Units held directly or indirectly by an Actual Taxpayer in trust, the death of the person designated from time to time by the trustee(s) of such trust, or (iii) a Tax Triggering Event with respect to an Actual Taxpayer holding directly or indirectly 8.00% Cumulative Redeemable Preferred Units, then in any such event such holder or the subsequent holder or holders, as the case may be, of such 8.00% Cumulative Redeemable Preferred Units may require the Operating Partnership to repurchase such 8.00% Cumulative Redeemable Preferred

Units, in accordance with Section 7(b) below, at a price of \$30.00 per 8.00% Cumulative Redeemable Preferred Unit, plus distributions accrued and unpaid to the repurchase date (such sum, the "Repurchase Price"). As used in this Section 7(a), "Tax Triggering Event" means, with respect to any Actual Taxpayer holding directly or indirectly 8.00% Cumulative Redeemable Preferred Units, any transaction by the Operating Partnership (x) involving the Contributed Property and (y) constituting a Taxable Sale. The terms Contributed Property and Taxable Sale shall have the meanings specified in the Tax Protection Agreement. The term "Repurchase Date" shall mean the date on which the first payment (in cash or Paired Shares) is made as described in Section 7(b) below.

(b) The aggregate Repurchase Price shall be paid within one year after the exercise of the right described in Section 7(a) above, at the option of the Operating Partnership, (i) in cash, or (ii) in fully registered Paired Shares valued at the Current Per Share Market Price for such Paired Shares as of the date such shares are to be issued hereunder, except that the portion of the aggregate Repurchase Price consisting of accrued and unpaid distributions shall be paid in full in cash when such distributions are paid with respect to other 8.00% Cumulative Redeemable Preferred Units, but in no event later than the time of the first cash payment provided in this Section 7(b) or the issuance of such Paired Shares, as the case may be. If the Operating Partnership elects to pay for the 8.00% Cumulative Redeemable Preferred Units in cash, the aggregate Repurchase Price shall be paid, at the option of the Operating Partnership, either (x) in full on or before such date which is one year after the exercise of the right described in Section 7(a) above or (y) in four (4) equal annual installments commencing not later than one year after the exercise of the right described in Section 7(a) above, with interest accruing on unpaid amounts from the date of exercise of the right described in Section 7(a) above at the rate of 8% per annum.

SECTION 8. No Right to Certain Distributions. Any holder of 8.00% Cumulative Redeemable Preferred Units whose units are redeemed pursuant to Section 5 hereto, converted pursuant to Section 6 hereto or caused to be repurchased pursuant to Section 7 hereto, prior to being entitled to received any cash or other securities upon the occurrence of any such event, will be required to execute and deliver to the Operating Partnership and the Corporation a Distribution Return Agreement substantially in the form of Annex II hereto.

SECTION 9. Restrictions on Transfer, Redemption, Conversion or Put; Stapled Security. (a) The Paired Units shall be subject to the restrictions on transfer set forth in Sections 9.3 and 9.5 of the Partnership Agreement as if such units were "Partnership Units" there under. Any transfer or attempted transfer in violation of the provisions of this Section 9(a) shall be null and void.

(b) Notwithstanding anything in this Certificate of Designation to the contrary, Paired Units shall only be transferred to a transferee, caused to be redeemed pursuant to Section 5, converted pursuant to Section 6 or caused to be repurchased pursuant to Section 7 as a Paired Unit, if any such units are otherwise required to be paired under this Certificate of Designation. Any such transfer, redemption or repurchase or attempted transfer, redemption or repurchase of 8.00% Cumulative Redeemable Preferred Units in violation of the provisions of this Section 9(b) shall be null and void.

SECTION 10. Status of Converted or Redeemed 8.00% Cumulative Redeemable Preferred Units. Upon any conversion or any redemption, repurchase or other acquisition by the Operating Partnership of 8.00% Cumulative Redeemable Preferred Units, the 8.00% Cumulative Redeemable Preferred Units so converted, redeemed, repurchased or acquired shall be retired and canceled.

SECTION 11. Voting. (a) The Operating Partnership shall not, without the affirmative consent or approval of the holders of at least a majority of the 8.00% Cumulative Redeemable Preferred Units then outstanding, voting separately as a class, (i) authorize any Senior Units; (ii) amend, alter or modify any of the provisions of this Certificate of Designation so as to adversely affect the holders of 8.00% Cumulative Redeemable Preferred Units; or (iii) issue to any holder of Common Units any Parity Units by way of exchange, distribution or similar transaction in respect of such Common Units, unless such exchange, distribution or similar transaction is for fair value (as determined in good faith by the Managing General Partner).

(b) The Corporation shall not, without the affirmative consent or approval of the holders of at least a majority in Liquidation Preference of the 8.00% Cumulative Redeemable Preferred Units and Corporation 8.00% Cumulative Redeemable Preferred Stock then outstanding, voting together as a single class, (i) authorize any Senior Preferred Stock (as defined in Annex I hereto); or (ii) amend, alter or modify any of the provisions of the Certificate of Designation of the Corporation 8.00% Cumulative Redeemable Preferred Stock so as to adversely affect the holders thereof.

SECTION 12. Registration Rights for Corporation 8.00% Cumulative Redeemable Preferred Stock. The Corporation 8.00% Cumulative Redeemable Preferred Stock issued to any holder of 8.00% Cumulative Redeemable Preferred Units pursuant to Section 6 hereof shall be deemed "Registrable Securities" for purposes of Section 9.6 of the Partnership Agreement, subject to the limitations and qualifications contained in Section 9.6 of the Partnership

Agreement unless the holder of such 8.00% Cumulative Redeemable Preferred Units is party to a registration rights agreement pursuant to Section 5.06 of the Portfolio Agreement, in which case such holder exclusively shall have the rights set forth therein.

SECTION 13. Issuance of Paired SRC Limited Partnership Units. If any Common Units are to be issued to a holder of a 8.00% Cumulative Redeemable Preferred Unit in connection with the redemption of such 8.00% Cumulative Redeemable Preferred Unit as provided herein, the Operating Partnership shall distribute to the holder of such 8.00% Cumulative Redeemable Preferred Unit so converted, for no additional consideration, a number of SRC Limited Partnership Units (as defined in the Partnership Agreement) equal to the number of Common Units so issued; provided, however, that if the value of such SRC Limited Partnership Units, as determined by the Operating Partnership consistent with its prior valuation methodology used to value SRC Limited Partnership Units, exceeds \$.50 per Unit, then prior to the distribution of such SRC Limited Partnership Units, the Operating Partnership shall notify the Contributor Representative of its valuation of the SRC Limited Partnership Units. If the Contributor Representative believes that the distribution of such SRC Limited Partnership Units may be taxable to the converting holders under Section 731(a) of the Code it may request that the Operating Partnership offer to provide the converting Partners with the opportunity to enter into so-called "bottom-up" guarantees under terms and conditions set forth in Section 2(z) of the Tax Protection

Agreement, mutatis mutandis. Remedy for a failure by the Operating Partnership to comply with such obligation to provide "bottom-up" guarantees shall be as set forth in Section 3 of the Tax Protection Agreement, mutatis mutandis. It shall be a condition to any distribution of SRC Limited Partnership Units to a holder that such holder agree in writing to become a limited partner under the SRC Partnership agreement.

SECTION 14. *Definitions.* Except as otherwise herein expressly provided, the following terms and phrases shall have the meanings set forth below:

"Closing Price" on any date shall mean the last sale price per share, regular way, of the Paired Shares or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, of the Paired Shares in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Paired Shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Paired Shares are listed or admitted to trading or, if the Paired Shares are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System for the Paired Shares or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Paired Shares are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Paired Shares selected from time to time by the Board of Directors of the Managing General Partner.

"Current Per Share Market Price" on any date shall mean the average of the Closing Prices for the five consecutive Trading Days ending on such date.

"Deemed Partnership Unit Value" as of any date shall mean (i) the Current Per Share Market Price as of the Trading Day immediately preceding such date, minus (ii) the SPG Realty Deemed Partnership Unit Value; provided, however, that in the event of a stock dividend, stock split, stock distribution or the like, the Deemed Partnership Unit Value shall be adjusted by the Managing General Partner to provide fair and equitable arrangements, to the extent necessary, to fully adjust and avoid any dilution in the rights of the holders of the 7.00% Cumulative Convertible Preferred Units.

"Entity" shall mean any general partnership, limited partnership, limited liability company, limited liability partnership, corporation, joint venture, trust, business trust, cooperative or association.

"Limited Partners" shall mean those Persons whose names are set forth on Exhibit A to the Partnership Agreement as Limited Partners, their permitted successors or assigns as limited partners hereof, and/or any Person who, at the time of reference thereto, is a limited partner of the Operating Partnership.

"Managing General Partner" shall mean Simon Property Group, Inc., a Delaware corporation.

"Non-Managing General Partners" shall mean, collectively, SD Property Group, Inc. and SPG Properties, Inc.

"Paired Share" shall mean one Share and one Trust Interest.

"Partners" shall mean the Managing General Partner, the Non-Managing General Partners and the Limited Partners, their duly admitted successors or assigns or any Person who is a partner of the Operating Partnership at the time of reference thereto.

"Partnership Units" shall mean the interest in the Operating Partnership of any Partner which entitles a Partner to the allocations (and each item thereof) specified in the Partnership Agreement and all distributions from the Operating Partnership, and its rights of management, consent, approval, or participation, if any, as provided in the Partnership Agreement. Partnership Units do not include Preferred Units. Each Partner's percentage ownership interest in the Operating Partnership shall be determined by dividing the number of Partnership Units then owned by each Partner by the total number of Partnership Units then outstanding.

"Person" shall mean any individual or Entity.

"Shares" shall mean the shares of common stock, par value \$0.0001 per share, of the Corporation.

"SPG Managing General Partner" shall mean SPG Realty Consultants, Inc.

"SPG Realty" shall mean SPG Realty Consultants, Inc.

"SPG Realty Deemed Partnership Unit Value" with respect to a particular Trust Interest as of any date shall mean the value of the SPG Shares underlying such Trust Interest, which shall be an amount equal to the greater of (i) the aggregate par value of the SPG Share underlying the Trust Interest and (ii) the amount determined in good faith by the Board of Directors of the SPG Managing General Partner to represent the fair market net asset value of the SPG Share underlying the Trust Interest.

"SPG Shares" shall mean the Common Stock, par value \$.01 per share of the SPG Managing General Partner.

"Trading Day" shall mean a day on which the principal national securities exchange on which the Paired Shares are listed or admitted to trading is open for the transaction of business or, if the Paired Shares are not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Trust" shall mean the trust owning all of the outstanding shares of Common Stock, par value \$0.0001 per share, of SPG Realty subject to a trust agreement among certain stockholders of the Corporation, a trustee and the SPG Realty pursuant to which all holders of Shares are beneficiaries of such Trust.

"Trust Interest" shall mean a pro rata beneficial interest in the Trust.

Date:

Simon Property Group, L.P.
National City Center
115 West Washington Street, Suite 15 East
Indianapolis, Indiana 46204

Dear Sirs:

The undersigned is a holder of 8.00% Cumulative Redeemable Preferred Units ("Preferred Units") of Simon Property Group, L.P., a Delaware limited liability (the "Operating Partnership"). On the date hereof, the undersigned has presented to the Operating Partnership (number) Preferred Units (the "Tendered Units") for (a) redemption (the "Redemption"); (b) conversion (the "Conversion") or (c) repurchase (the "Repurchase") pursuant to their terms. This letter agreement is being given in satisfaction of a condition to the Redemption, Conversion, or Repurchase, as applicable, of the Tendered Units.

The undersigned hereby agrees with the Operating Partnership that, in the event the undersigned receives any payment or distribution with respect to Tendered Units after their Redemption, Conversion, or Repurchase, as applicable, other than a payment or distribution required to be made in connection therewith, the undersigned will promptly remit such payment or distribution back to the Operating Partnership.

In furtherance of the foregoing, the undersigned further grants to the Operating Partnership the right to set off against any unpaid amount due to the Operating Partnership under this letter agreement any debt or other obligation of the Operating Partnership owing to the undersigned, including, without limitation, any dividend or other distribution payable to the undersigned by reason of its ownership of Preferred Units or any other securities of the Operating Partnership.

This letter agreement shall be construed in accordance with, and governed by, the laws of the State of New York, without regard to conflicts of laws principles.

Very truly yours,

(Name of Holder of Preferred Units)

By:
Name:
Title:

AGREED:
SIMON PROPERTY GROUP, L.P.

By:
Name:
Title:

QuickLinks

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**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, David Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ David Simon

David Simon
Chief Executive Officer
of Simon Property Group, Inc.,
General Partner of Simon Property Group, L.P.

**CERTIFICATION PURSUANT TO
RULE 13a-14(a)/15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934,
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Stephen E. Sterrett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2003

/s/ Stephen E. Sterrett

Stephen E. Sterrett
Chief Financial Officer
of Simon Property Group, Inc.,
General Partner of Simon Property Group, L.P.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Simon Property Group, L.P. (the "Company") on Form 10-Q for the period ending September 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David Simon

David Simon
Chief Executive Officer
of Simon Property Group, Inc.,
General Partner of Simon Property Group, L.P.
November 14, 2003
/s/ Stephen E. Sterrett

Stephen E. Sterrett
Chief Financial Officer
of Simon Property Group, Inc.
General Partner of Simon Property Group, L.P.
November 14, 2003