UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1996

Commission file number 333-11491

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

DELAWARE	34-1755769
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
115 WEST WASHINGTON STREET INDIANAPOLIS, INDIANA	46204
(Address of principal executive offices)	(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (317) 636-1600

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: NONE

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

TITLE OF EACH CLASS

6 7/8% Notes due November 15, 2006

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 [x] NO [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

Documents Incorporated By Reference

Portions of the Simon DeBartolo Group, Inc.'s Proxy Statement in connection with its Annual Meeting of Shareholders, scheduled to be held May 14, 1997, are incorporated by reference in Part III.

SIMON DEBARTOLO GROUP, L.P.
ANNUAL REPORT ON FORM 10-K
DECEMBER 31, 1996

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PART I

ITEM 1. BUSINESS

BACKGROUND

Simon DeBartolo Group, Inc. (the "Company"), a Maryland corporation, formerly known as Simon Property Group, Inc., is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. The Company completed its initial public offering of securities (the "IPO") in 1993. Simon DeBartolo Group, L.P. ("SDG, LP") is a subsidiary partnership of the Company. Simon Property Group, L.P. ("SPG, LP") is a subsidiary partnership of SDG, LP. SDG, LP and SPG, LP are hereafter collectively referred to as the " Operating Partnership". Prior to the Merger (described below), references to the Operating Partnership refer to SPG, LP only. The Operating Partnership, is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1996, the Operating Partnership owns or holds an interest in 186 income-producing properties, which consist of 113 regional malls, 65 community shopping centers, three specialty retail centers, four mixed-use properties and one value-oriented super-regional mall located in 33 states (the "Properties"). The Operating Partnership also owns interests in two specialty retail centers, two value-oriented super-regional malls and one community center currently under construction and six parcels of land held for future development. At December 31, 1996, 1995 and 1994, the Company's ownership interest in the Operating Partnership was 61.4%, 61.0% and 56.4%, respectively. The Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"), which manages 33 regional malls and community shopping centers not wholly-owned by the Operating Partnership and certain other properties and also engages in certain property development activities.

THE MERGER

On August 9, 1996 the national shopping center business of DeBartolo Realty Corporation ("DRC") was acquired for an aggregate value of $3.0 billion (the "Merger"). The acquired portfolio consisted of 49 regional malls, 11 community centers and one mixed-use Property. These Properties included 47,052,267 square feet of retail space gross leasable area ("GLA") and 558,636 of office GLA. In connection with the merger, the Company changed its name to Simon DeBartolo Group, Inc.

Further, the Management Company purchased from The Edward J. DeBartolo Corporation all of the voting stock of DeBartolo Properties Management, Inc., ("DPMI"), for $2.5 million in cash. The Operating Partnership holds substantially all of the economic interest in DPMI. The Operating Partnership holds substantially all of the economic interest in the Management Company, while substantially all of the voting stock is held by Melvin Simon, Herbert Simon and David Simon. The Management Company is accounted for using the equity method of accounting.

For additional information concerning the Merger, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations".

GENERAL

As of December 31, 1996, the Operating Partnership owned or held interests in a diversified portfolio of 186 income-producing Properties, including 113 enclosed regional malls, 65 community shopping centers, three specialty retail centers, four mixed-use properties and one value-oriented super-regional mall, located in 33 states. Regional malls, community centers and the remaining portfolio comprised 82%, 7.8%, and 10.2%, respectively of total rent revenues and tenant reimbursements in 1996. The Properties contain an aggregate of approximately 113.3 million square feet of GLA, of which 67.3 million square feet is owned by the Operating Partnership ("Owned GLA"). Approximately 3,200 different retailers occupy approximately 12,000 stores in the Properties. Total estimated retail sales at the Properties approached $16.7 billion in 1996.

As of December 31, 1996, mall and freestanding Owned GLA was 84.7% leased in the regional malls and 91.6% for Owned GLA in the community shopping centers. In addition, the Operating Partnership has interests in five properties under construction in the United States, and six parcels of land held for development containing an aggregate of approximately 367 acres (collectively, the "Development Properties", and together with the Properties, the "Portfolio Properties").

OPERATING STRATEGIES

The Operating Partnership's primary business objectives are to increase per unit of ownership in the Operating Partnership ("Unit") cash generated from operations and the value of the Operating Partnership's properties and operations. The Operating Partnership plans to achieve these objectives through a variety of methods discussed below, although no assurance can be made that such objectives will be achieved.

LEASING. The Operating Partnership pursues an active leasing strategy, which includes aggressively marketing available space; renewing existing leases at higher base rents per square foot; and continuing to sign leases that provide for percentage rents and/or regular or periodic fixed contractual increases in base rents.

MANAGEMENT. Drawing upon the expertise gained through management of approximately 129 million square feet of retail and mixed-use properties, the Operating Partnership seeks to maximize cash flow through a combination of an active merchandising program to maintain its shopping centers as inviting shopping destinations, continuation of its successful efforts to minimize overhead and operating costs, coordinated marketing and promotional activities, and systematic planning and monitoring of results.

STRATEGIC EXPANSIONS AND RENOVATIONS. A key objective of the Operating Partnership is to increase the profitability and market share of the Portfolio Properties through the completion of strategic renovations and expansions. In 1996, the Operating Partnership completed construction and opened eight expansion and/or renovation projects at Greenwood Plus in Greenwood, Indiana; Muncie Mall in Muncie, Indiana; Summit Mall in Akron, Ohio; University Park Mall in South Bend, Indiana; College Mall in Bloomington, Indiana; Century III Mall in Pittsburgh, Pennsylvania; Coral Square in Coral Springs, Florida; and The Florida Mall in Orlando, Florida.

The Operating Partnership has a number of renovation and/or expansion projects currently under construction. In addition, preconstruction development continues on a number of project expansions, renovations and anchor additions. The Operating Partnership expects to commence construction on many of these projects in the next 12 to 24 months.

Development. Development activities are an ongoing part of the Operating Partnership's business. The Operating Partnership opened two new regional malls, one specialty retail center, and one value-oriented super-regional mall during 1996. The new regional malls include the 1.0 million square foot Cottonwood Mall in Albuquerque, New Mexico and the 800,000 square foot Indian River Mall in Vero Beach, Florida. The new specialty retail center is the 60,000 square foot Tower Shops in Las Vegas, Nevada and the value-oriented super-regional mall is the 1.3 million square foot Ontario Mills in Ontario, California. Cottonwood Mall is anchored by Dillard's, Foley's, JCPenney, Mervyn's and Montgomery Ward. Indian River Mall is anchored by AMC Theatres, Burdines, Dillard's, JCPenney, and Sears. Ontario Mills' anchors include: AMC Theatres, Burlington Coat Factory, JCPenney, Sports Authority and Marshall's, with a Dave & Busters under construction.

In addition, Indian River Commons, a 265,000 square foot community shopping center opened during March 1997 in Vero Beach, Florida. The Operating Partnership owns 50% of this joint venture project, which is anchored by HomePlace, Lowe's, Office Max and Service Merchandise.

Development activities are ongoing at several other locations including:

- A 235,000 square foot phase II expansion of Forum in Las Vegas, in which the Operating Partnership has a 55% ownership interest, is scheduled to open in August 1997. The costs of the phase II project are being funded with a portion of the $184 million two-tranche financing facility which closed on February 23, 1996. The loan bears interest on a weighted average basis at LIBOR plus 137 basis points and matures in February 2000.

- The Source, a 730,000 square foot value-oriented retail and entertainment development project in Westbury (Long Island), New York, is expected to open in August 1997. This new $150 million development will adjoin an existing Fortunoff store. The Operating Partnership has a total equity investment of $25.3 million in this 50%-owned joint venture project. Construction financing of $120 million closed on this property in July 1996. The loan initially bears interest at LIBOR plus 170 basis points and matures on July 16, 1999.

- Arizona Mills, a 1,230,000 square foot retail development project in Tempe, Arizona, broke ground on August 1, 1996. This $184 million value-oriented super-regional mall is expected to open in November 1997. In January 1997, the joint venture closed on a five-year $145 million construction loan with interest at LIBOR plus 150 basis points. The Operating Partnership had an $13.5 million equity investment through December 31, 1996 and a 25% ownership interest in this joint venture development.

- Grapevine Mills, a 1,480,000 square foot retail development project in Grapevine (Dallas/Fort Worth), Texas, broke ground on July 10, 1996. This $202 million value-oriented super-regional mall development project is expected to open in October 1997. A commitment has been obtained for a four-year $157 million construction loan (plus a one-year extension) with an initial interest rate of LIBOR plus 165 basis points. The Operating Partnership has a $14 million equity commitment on this 37.5%-owned joint venture project, and made its initial contribution of $7.9 million in January 1997.

- The Shops at Sunset Place, a destination-oriented retail and entertainment project containing approximately 500,000 square feet of GLA is scheduled to open in 1998 in South Miami, Florida. The Operating Partnership owns 75% of this $143 million project. The Operating Partnershi expects to have construction financing for the majority of the development costs of this project in place during the second quarter of 1997.

In addition, the Operating Partnership is in the preconstruction development phase on two new community center projects, each of which is immediately adjacent to an existing regional mall in the Operating Partnership's portfolio. Lakeline Plaza, a 50%-owned joint venture development project in Austin, Texas, is scheduled to open in 1998. This approximately $39 million development is projected to open with 391,000-square-feet of GLA. Muncie Plaza, a wholly-owned project, is scheduled to open in Muncie, Indiana, in 1998. This approximately $15 million development is projected to open with 200,000-square-feet of GLA.

The Operating Partnership also has direct or indirect interests in six other parcels of land held for development in five states totaling approximately 367 acres. Management believes the Operating Partnership is well positioned to pursue future development opportunities as conditions warrant.

Acquisitions. In addition to the Merger, the Operating Partnership acquired additional ownership in two existing regional malls, Ross Park Mall and North East Mall, increasing its ownership in each of those malls to 100%. The Operating Partnership intends to selectively acquire individual properties and portfolios of properties that meet its investment criteria as opportunities arise. Management believes that consolidation will continue to occur within the shopping center industry, creating opportunities for the Operating Partnership to acquire additional portfolios of shopping centers. Management also believes that its extensive experience in the shopping center business, access to capital markets, familiarity with real estate markets and advanced management systems will allow it to evaluate and execute acquisitions competitively. Additionally, the Operating Partnership may be able to acquire properties on a tax-advantaged basis for the transferors.

COMPETITION

The Operating Partnership believes that it has a competitive advantage in the retail real estate business as a result of (i) its use of innovative retailing concepts, (ii) its management and operational expertise, (iii) its extensive experience and relationship with retailers and lenders and (iv) the size and diversity of its Properties. Management believes that the Portfolio Properties are the largest, as measured by GLA, of any publicly traded REIT, with more regional malls than any other publicly traded REIT. For these reasons, management believes the Operating Partnership to be the leader in the industry.

All of the Portfolio Properties are located in developed areas. With respect to certain of such properties, there are other properties of the same type within the market area. The existence of competitive properties could have a material effect on the Operating Partnership's ability to lease space and on the level of rents the Operating Partnership can obtain.

There are numerous commercial developers, real estate companies and other owners of real estate that compete with the Operating Partnership in its trade areas. This results in competition for both acquisition of prime sites (including land for development and operating properties) and for tenants to occupy the space that the Operating Partnership and its competitors develop and manage.

ENVIRONMENTAL MATTERS

Substantially all of the Portfolio Properties located in the United States have been subjected to Phase I or similar environmental audits (which involve only a review of records and visual inspection of the property without soil sampling or ground water analysis) by independent environmental consultants since April 1988. Most of these audits have been conducted since January 1, 1990. The Phase I environmental audits are intended to discover information regarding, and to evaluate the environmental condition of, the surveyed properties and surrounding properties. The environmental audits have not revealed, nor is management aware of, any environmental liability that management believes will have a material adverse effect on the Operating Partnership. No assurance can be given that existing environmental studies with respect to the Portfolio Properties reveal all potential environmental liabilities, that any previous owner, occupant or tenant of a Portfolio Property did not create any material environmental condition not known to management, that the current environmental condition of the Portfolio Properties will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties, or that future uses or condition (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in imposition of environmental liability.

ASBESTOS-CONTAINING MATERIALS. Asbestos-containing materials are present in most of the Properties, primarily in the form of vinyl asbestos tile, mastics and roofing materials, which are generally in good condition. Asbestos-containing materials in the form of spray-on fireproofing and thermal system insulation are also present in certain Properties in limited concentrations or in limited areas. The presence of such asbestos-containing materials does not violate currently applicable laws. Asbestos-containing materials will be removed by the Operating Partnership in the ordinary course of any renovation, reconstruction and expansion, and in connection with the retenanting of space. Although it is difficult to assess the costs of abatement or removal of such asbestos-containing materials at this time, and no assurance can be given as to the magnitude of such costs, the Operating Partnership does not believe that such costs will be material to the Operating Partnership's financial condition or results of operation. The Operating Partnership has developed and is implementing an operations and maintenance program that establishes operating procedures with respect to asbestos-containing materials.

UNDERGROUND STORAGE TANKS. Many of the Properties contain, or at one time contained, underground storage tanks used to store heating oil for on-site consumption or petroleum products typically related to the operations of auto service centers. Certain adjacent properties contain, or at one time contained, underground storage tanks. At present, the Operating Partnership is aware of five underground storage tanks owned and operated by the Operating Partnership, and has either begun or scheduled appropriate compliance activities in all cases. The Operating Partnership also is aware of several additional underground storage tanks operated by tenants or subtenants at the Properties, and compliance activities with respect to those underground storage tanks are expected to be completed by 1998 by the respective tenants or subtenants. Upon any such tenant's or subtenant's failure to cause such compliance activities, the Operating Partnership could become primarily responsible for such compliance.

Site assessments at seven Properties have revealed certain soil and/or groundwater contamination associated with underground storage tanks formerly operated by third parties. All such tanks had been removed or, at one property, previously abandoned in place. The Operating Partnership is in the process of evaluating the extent of such contamination and will take appropriate action in accordance with all applicable environmental laws. Since the underground storage tanks associated with such contamination are no longer in place or in operation, the Operating Partnership does not believe that the costs to the Operating Partnership to address such contamination will be material. In addition, the Operating Partnership has begun soil and/or groundwater remediation to address minor contamination associated with other underground storage tanks currently or formerly located at certain Properties. Such remediation is being conducted in accordance with applicable environmental laws. The Operating Partnership has no reason to believe that leakage has occurred from any other underground storage tanks currently or previously located at the Properties or that the impact of any such contamination from any onsite or offsite source would be material.

The cost of underground storage tank compliance, closure, removal and remediation activities have been reserved for and are not expected to have material adverse effect on the Operating Partnership's financial condition or results of operations.

GENERAL COMPLIANCE. Management believes that the Portfolio Properties are in compliance, in all material respects, with all Federal, state and local environmental laws, ordinances and regulations (see Item 3. Legal Proceedings). Management is unaware of any instances in which it would incur significant environmental costs if any or all properties were sold, disposed of or abandoned.

PROPERTIES TO BE DEVELOPED OR ACQUIRED. Land being held for shopping mall development or that may be acquired for development may contain residues or debris associated with the use of the land by prior owners or third parties. In certain instances, such residues or debris could be or contain hazardous wastes or hazardous substances. Prior to exercising any option to acquire any of the optioned properties, the Operating Partnership will conduct the necessary environmental due diligence consistent with past practice.

Employees

The Operating Partnership and its affiliates employ approximately 7,400 persons at various centers and offices throughout the United States. Approximately 675 of such employees are located at the Operating Partnership's headquarters in Indianapolis, Indiana, and approximately 3,950 of all employees are part-time.

INSURANCE

The Operating Partnership has comprehensive liability, fire, flood, extended coverage and rental loss insurance with respect to its properties. Management believes that such insurance provides adequate coverage.

CORPORATE HEADQUARTERS

The Operating Partnership's executive offices are located at National City Center, 115 West Washington Street, Indianapolis, Indiana 46204, and its telephone number is (317) 636-1600.

EXECUTIVE OFFICERS OF THE COMPANY

The following table sets forth certain information with respect to the executive officers of the Company, which is the general partner of the Operating Partnership, as of December 31, 1996.

Name	Age	Position
Melvin Simon (1)	70	Co-Chairman
Herbert Simon (1)	62	Co-Chairman
David Simon (1)	35	Chief Executive Officer
Richard S. Sokolov	47	President and Chief Operating Officer
Randolph L. Foxworthy	52	Executive Vice President - Corporate Development
William J. Garvey	58	Executive Vice President - Property Development
James A. Napoli	50	Executive Vice President - Leasing
John R. Neutzling	44	Executive Vice President - Property Management
James M. Barkley	45	General Counsel; Secretary
Stephen E. Sterrett	41	Treasurer

(1) Melvin Simon is the brother of Herbert Simon and the father of David Simon.

Set forth below is a summary of the business experience of the executive officers of the Company. The executive officers of the Company serve at the pleasure of the Board of Directors and have served in such capacities since the completion of the Company's IPO, with the exception of Mr. Richard Sokolov who has been President, Chief Operating Officer and a director since the Merger. For biographical information of Melvin Simon, Herbert Simon, David Simon, and Richard Sokolov, see Item 10 of this report.

Mr. Foxworthy is the Executive Vice President - Corporate Development of the Company. He served as a Director of the Company from the IPO until the Merger. Mr. Foxworthy joined Melvin Simon & Associates, Inc. ("MSA") in 1980 and has been an Executive Vice President in charge of Corporate Development of MSA since 1986 and has held the same position with the Company since the IPO.

Mr. Garvey is the Executive Vice President - Property Development of the Company. Mr. Garvey, who was Executive Vice President and Director of Development at MSA, joined MSA in 1979 and held various positions with MSA.

Mr. Napoli is the Executive Vice President - Leasing of the Company. Mr. Napoli also served as Executive Vice President and Director of Leasing since he joined MSA in 1989.

Mr. Neutzling holds the position of Executive Vice President - Property Management of the Company. Mr. Neutzling has also been an Executive Vice President of MSA since 1992 overseeing all property and asset management functions. He joined MSA in 1974 and has held various positions with MSA.

Mr. Barkley serves as the Company's General Counsel and Secretary. Mr. Barkley holds the same position for MSA. He joined MSA in 1978 as Assistant General Counsel for Development Activity.

Mr. Sterrett serves as the Company's Treasurer. He joined MSA in 1989 and has held various positions with MSA.

ITEM 2. PROPERTIES

PORTFOLIO PROPERTIES

The Properties generally consist of two types: regional malls and community shopping centers. Regional malls contain two or more anchors and a wide variety of smaller stores ("Mall" stores) located in enclosed malls connecting the anchors. Additional stores ("Freestanding" stores) are usually located along the perimeter of the parking area. The 113 regional malls in the Properties range in size from approximately 210,000 to 1.5 million square feet of GLA, with 108 regional malls over 400,000 square feet. These regional malls contain in the aggregate over 10,000 occupied stores, including over 430 anchors which are mostly national retailers. As of December 31, 1996, regional malls (including specialty retail centers, and retail space in the mixed-use properties) represented 83.7% of the GLA, 79.7% of Owned GLA and 84.9% of total annualized base rent of the Properties.

Community shopping centers are unenclosed and are generally smaller than regional malls. Most of the 65 community shopping centers in the Properties range in size from approximately 100,000 to 400,000 square feet of GLA. Community shopping centers generally are of two types: (i) traditional community centers, which focus primarily on value-oriented and convenience goods and services, are usually anchored by a supermarket, drugstore or discount retailer and are designed to service a neighborhood area; and (ii) power centers, which are designed to serve a larger trade area and contain at least two anchors that are usually national retailers among the leaders in their markets and occupy more than 70% of the GLA in the center. As of December 31, 1996, community shopping centers represented 13.4% of the GLA, 15.6% of Owned GLA and 10.1% of the total annualized base rent of the Properties.

The Operating Partnership also has an interest in three specialty retail centers, four mixed-use properties and one value-oriented super regional mall. The specialty retail centers contain approximately 530,000 square feet of GLA and do not have anchors; instead, they feature retailers and entertainment facilities in a distinctive shopping environment and location. The four mixed-use properties range in size from approximately 500,000 to 1,025,000 square feet of GLA. Two of these properties are regional malls with connected office buildings, and two are located in mixed-use developments and contain primarily office space. Ontario Mills is the value-oriented super regional mall. Ontario Mills contains over 1.3 million square feet of GLA, including six anchors, one of which is under construction.

As of December 31, 1996, approximately 84.7% of the Mall and Freestanding Owned GLA in regional malls, specialty retail centers and the retail space in the mixed use properties was leased and approximately 91.6% of Owned GLA in the community shopping centers was leased.

Of the 186 Properties, 140 are owned 100% by the Operating Partnership (the "Wholly-Owned Properties") and the remainder are held as joint venture interests (the "Joint Venture Properties"). The Operating Partnership is the managing or co-managing general partner of all but three Joint Venture Property partnerships.

ADDITIONAL INFORMATION

The following table sets forth certain information, as of December 31, 1996, regarding the Properties:

NAME/LOCATION	OWNERSHIP INTEREST (EXPIRATION IF GROUND LEASE) (1)	THE OPERATING PARTNERSHIP'S PERCENTAGE INTEREST (2)	YEAR BUILT OR ACQUIRED	TOTAL GLA	ANCHORS/SPECIALTY ANCHORS
REGIONAL MALLS					
1. Alton Square Alton, IL	Fee	100.0%	Acquired 1993	545,376	Famous Barr, JCPenney Sears (3)
2. Amigoland Mall Brownsville, TX	Fee	100.0	Built 1974	560,297	Beall's, Dillard's, JCPenney Montgomery Ward
3. Anderson Mall Anderson, SC	Fee	100.0	Built 1972	633,459	Gallant Belk, JCPenney Sears, Uptons
4. Aventura Mall (4) Miami, FL	Fee	33.3	Built 1983	987,294	Bloomingdales (3), JCPenney Lord & Taylor, Macy's, Sears
5. Avenues, The Jacksonville, FL	Fee	25.0	Built 1990	1,113,346	Dillard's, Gayfers Sears, Parisian, JCPenney
6. Barton Creek Square Austin, TX	Fee	100.0	Built 1981	1,375,774	Dillard's (5), Foley's JCPenney, Sears Montgomery Ward
7. Battlefield Mall Springfield, MO	Fee and Ground Lease (2056)	100.0	Built 1970	1,156,884	Dillard's, Famous Barr Montgomery Ward, Sears JCPenney
8. Bay Park Square Green Bay, WI	Fee	100.0	Built 1980	641,838	Kohl's, Montgomery Ward Shopko, Elder-Beerman
9. Bergen Mall Paramus, NJ	Fee and Ground Lease (6) (2061)	100.0	Acquired 1987	1,021,198	Value City, Stern's, Marshall's, Off 5th-Saks Fifth Avenue Outlet
10. Biltmore Square Asheville, NC	Fee	(7) 66.7	Built 1989	495,439	Belk, Dillard's, Proffitt's Goody's
11. Boynton Beach Mall Boynton Beach, FL	Fee	100.0	Built 1985	1,064,298	Burdines, Macy's, Sears Mervyn's (8) JCPenney
12. Broadway Square Tyler, TX	Fee	100.0	Acquired 1994	570,775	Dillard's, JCPenney, Sears
13. Brunswick Square East Brunswick, NJ	Fee	100.0	Built 1973	736,688	Macy's, JCPenney
14. Castleton Square Indianapolis, IN	Fee	100.0	Built 1972	1,352,632	LS Ayres, Lazarus, Montgomery Ward JCPenney, Sears

NAME/LOCATION	OWNERSHIP INTEREST (EXPIRATION IF GROUND LEASE) (1)	THE OPERATING PARTNERSHIP'S PERCENTAGE INTEREST (2)	YEAR BUILT OR ACQUIRED	TOTAL GLA	ANCHORS/SPECIALTY ANCHORS
15. Century III Mall Pittsburgh, PA	Fee	50.0	Built 1979	1,287,492	Lazarus, Kaufmann's JCPenney, Sears, T.J. Maxx Wickes Furniture
16. Century Mall Merrillville, IN	Fee	100.0	Acquired 1982	415,138	Burlington Coat Factory Montgomery Ward
17. Charles Towne Square (11) Charleston, SC	Fee	100.0	Built 1976	463,311	Montgomery Ward Service Merchandise (9) (10)
18. Chautauqua Mall Lakewood, NY	Fee	100.0	Built 1971	420,737	The Bon Ton (3), Sears, JCPenney(3), Office Max
19. Cheltenham Square Philadelphia, PA	Fee	100.0	Built 1981	619,838	Burlington Coat Factory Home Depot, Value City Seaman's Furniture, Shop Rite
20. Chesapeake Square Chesapeake, VA	Fee and Ground Lease (2062)	(7) 75.0	Built 1989	704,463	Proffitt's (8), Belk JCPenney, Sears Montgomery Ward
21. Cielo Vista Mall El Paso, TX	Fee and Ground Lease (12) (2027)	100.0	Built 1974	1,194,468	Dillard's (5), JCPenney Montgomery Ward Sears
22. Circle Centre Indianapolis, IN	Property Lease (2097)	14.7	Built 1995	797,040	Nordstrom Parisian
23. College Mall Bloomington, IN	Fee and Ground Lease (13) (2048)	100.0	Built 1965	706,175	JCPenney, Lazarus L.S. Ayres, Sears, Target
24. Columbia Center Kennewick, WA	Fee	100.0	Acquired 1987	716,864	The Bon Marche, Lamonts JCPenney, Sears
25. Coral Square Coral Springs, FL	Fee	50.0	Built 1984	939,182	Burdines (5), Mervyn's (8) JCPenney, Sears
26. Cottonwood Mall Albuquerque, NM	Fee	100.0	Built 1996	1,026,956	Dillard's, Foley's, JCPenney, Mervyn's Montgomery Ward
27. Crossroads Mall Omaha, NE	Fee	100.0	Acquired 1994	872,895	Dillard's, Sears Younkers
28. Crystal River Mall Crystal River, FL	Fee	100.0	Built 1990	425,277	Belk Lindsey, Kmart JCPenney, Sears
29. DeSoto Square Bradenton, FL	Fee	100.0	Built 1973	689,733	Burdines, JCPenney Sears, Dillard's
30. East Towne Mall Knoxville, TN	Fee	100.0	Built 1984	975,676	Dillard's, JCPenney Proffitt's, Sears Service Merchandise

NAME/LOCATION	OWNERSHIP INTEREST (EXPIRATION IF GROUND LEASE) (1)	THE OPERATING PARTNERSHIP'S PERCENTAGE INTEREST (2)	YEAR BUILT OR ACQUIRED	TOTAL GLA	ANCHORS/SPECIALTY ANCHORS
31. Eastern Hills Mall Buffalo, NY	Fee	100.0	Built 1971	997,081	Sears, The Bon Ton JCPenney, Kaufmann's Jenss, Waccamaw
32. Eastgate Consumer Mall Indianapolis, IN	Fee	100.0	Acquired 1981	462,968	Burlington Coat Factory
33. Eastland Mall Tulsa, OK	Fee	100.0	Built 1986	702,707	Dillard's, JCPenney Service Merchandise Mervyn's,
34. Florida Mall, The Orlando, FL	Fee	50.0	Built 1986	1,119,726	Saks Fifth Avenue Dillard's (5), Gayfers JCPenney, Sears
35. Forest Mall Fond Du Lac, WI	Fee	100.0	Built 1973	481,937	JCPenney, Kohl's Younkers, Sears
36. Forest Village Park Mall Forestville, MD	Fee	100.0	Built 1980	417,322	JCPenney, Kmart
37. Fremont Mall Fremont, NE	Fee	100.0	Built 1966	211,708	1/2 Price Store, JCPenney
38. Glen Burnie Mall Glen Burnie, MD	Fee	100.0	Built 1963	455,718	Montgomery Ward, Best Buy Toys "R" Us, Dick's Clothing and Sporting Goods
39. Golden Ring Mall Baltimore, MD	Fee	100.0	Built 1974	719,436	Caldor, Hecht's Montgomery Ward
40. Great Lakes Mall Cleveland, OH	Fee	100.0	Built 1961	1,292,924	Dillard's (5), Kaufmann's JCPenney, Sears
41. Greenwood Park Mall Greenwood, IN	Fee	100.0	Acquired 1979	1,273,561	JCPenney, Lazarus L.S. Ayres, Sears Montgomery Ward Service Merchandise
42. Gulf View Square Port Richey, FL	Fee	100.0	Built 1980	809,813	Burdines, Dillard's Montgomery Ward JCPenney, Sears
43. Heritage Park Mall Midwest City, OK	Fee	100.0	Built 1978	633,902	Dillard's, Sears Montgomery Ward Service Merchandise
44. Hutchinson Mall Hutchinson, KS	Fee	100.0	Built 1985	525,845	Dillard's, JCPenney Sears, Wal-Mart (14) Service Merchandise
45. Independence Center Independence, MO	Fee	100.0	Acquired 1994	1,032,042	The Jones Store Co. Dillard's, Sears, (10)
46. Indian River Mall Vero Beach, FL	Fee	50.0	Built 1996	753,705	Burdines, Sears JCPenney, Dillard's
47. Ingram Park Mall San Antonio, TX	Fee	100.0	Built 1979	1,134,475	Dillard's (5), Foley's JCPenney, Sears, Beall's

NAME/LOCATION	OWNERSHIP INTEREST (EXPIRATION IF GROUND LEASE) (1)	THE OPERATING PARTNERSHIP'S PERCENTAGE INTEREST (2)	YEAR BUILT OR ACQUIRED	TOTAL GLA	ANCHORS/SPECIALTY ANCHORS
48. Irving Mall Irving, TX	Fee	100.0	Built 1971	1,087,878	Dillard's, Foley's, Marshall's, JCPenney, Mervyn's, Sears
49. Jefferson Valley Mall Yorktown Heights, NY	Fee	100.0	Built 1983	589,762	Macy's, Sears Service Merchandise
50. La Plaza McAllen, TX	Fee and Ground Lease (6) (2040)	100.0	Built 1976	840,448	Dillard's, JCPenney, Beall's Foley's (3), Sears Service Merchandise Joe Brand-Lady Brand
51. Lafayette Square Indianapolis, IN	Fee	100.0	Built 1968	1,220,402	JCPenney, LS Ayres Lazarus, Sears, Waccamaw Montgomery Ward
52. Lakeland Square Lakeland, FL	Fee	50.0	Built 1988	901,689	Belk Lindsey, Burdines Dillard's, Mervyn's (8) JCPenney, Sears
53. Lakeline Mall N. Austin, TX	Fee	50.0	Built 1995	1,102,905	Dillard's, Foley's, Sears JCPenney, Mervyn's
54. Lima Mall Lima, OH	Fee	100.0	Built 1965	752,839	Elder-Beerman, Sears Lazarus, JCPenney
55. Lincolnwood Town Center Lincolnwood, IL	Fee	100.0	Built 1990	441,169	Carson Pirie Scott JCPenney
56. Longview Mall Longview, TX	Fee	100.0	Built 1978	617,002	Dillard's (5), JCPenney Sears, Wilson's, Beall's
57. Machesney Park Mall Rockford, IL	Fee	100.0	Built 1979	555,863	Kohl's, JCPenney Bergners, (10)
58. Mall of the Mainland Galveston, TX	Fee	(7) 65.0	Built 1991	779,095	Dillard's, JCPenney, Sears Palais Royal, Foley's
59. Markland Mall Kokomo, IN	Ground Lease (2041)	100.0	Built 1968	391,394	Lazarus, Sears Target
60. McCain Mall N. Little Rock, AR	Ground Lease (15) (2032)	100.0	Built 1973	776,518	Dillard's, JCPenney M.M. Cohn, Sears
61. Melbourne Square Melbourne, FL	Fee	100.0	Built 1982	734,177	Belk, Burdines Dillard's, Mervyn's (8) JCPenney
62. Memorial Mall Sheboygan, WI	Fee	100.0	Built 1969	416,273	JCPenney, Kohl's Sears
63. Miami International Mall Miami, FL	Fee	60.0	Built 1982	972,441	Burdines (5), Sears Mervyn's (8), JCPenney

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64. Midland Park Mall Midland, TX	Fee	100.0	Built 1980	619,454	Dillard's (5), JCPenney Sears, Beall's
65. Miller Hill Mall Duluth, MN	Fee	100.0	Built 1973	802,038	Glass Block, JCPenney Montgomery Ward, Sears
66. Mission Viejo Mall Mission Viejo, CA	Fee	100.0	Built 1979	816,815	Macy's, Montgomery Ward Robinsons - May (5)
67. Mounds Mall Anderson, IN	Ground Lease (2033)	100.0	Built 1965	407,423	Elder-Beerman, JCPenney Sears
68. Muncie Mall Muncie, IN	Fee	100.0	Built 1970	499,406	JCPenney, L.S. Ayres Sears, Elder Beerman
69. North East Mall Hurst, TX	Fee	100.0	Built 1971	1,141,585	Dillard's (5), JCPenney Montgomery Ward, Sears
70. North Towne Square Toledo, OH	Fee	100.0	Built 1980	750,882	Elder-Beerman, Lion Montgomery Ward
71. Northfield Square Bradley, IL	Fee	(7) 31.6	Built 1990	533,162	Sears, Carson Pirie Scott JCPenney, Venture
72. Northgate Mall Seattle, WA	Fee	100.0	Acquired 1987	1,102,260 (16)	The Bon Marche, Lamonts Nordstrom, JCPenney
73. Northwoods Mall Peoria, IL	Fee	100.0	Acquired 1983	666,748	Famous Barr, JCPenney Montgomery Ward
74. Orange Park Mall Jacksonville, FL	Fee	100.0	Acquired 1994	829,559	Dillard's, Gayfer's JCPenney, Sears
75. Paddock Mall Ocala, FL	Fee	100.0	Built 1980	568,082	Belk, Burdines JCPenney, Sears
76. Palm Beach Mall West Palm Beach, FL	Fee	50.0	Built 1967	1,200,800	JCPenney, Sears Lord & Taylor Mervyn's (8), Burdines
77. Port Charlotte Town Center Port Charlotte, FL	Fee	(7) 80.0	Built 1989	715,820	Burdines, Dillard's Montgomery Ward JCPenney, Sears
78. Prien Lake Mall Lake Charles, LA	Fee and Ground Lease (6) (2025)	100.0	Built 1972	467,230	JCPenney Montgomery Ward The White House
79. Raleigh Springs Mall Memphis, TN	Fee and Ground Lease (6) (2018)	100.0	Built 1979	907,826	Dillard's, Goldsmith's JCPenney, Sears
80. Randall Park Mall Cleveland, OH	Fee	100.0	Built 1976	1,522,536	Dillard's, Kaufmann's JCPenney, Sears Burlington Coat Factory

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81. Richardson Square Dallas, TX	Fee	100.0	Built 1977	863,619	Dillard's, Sears Montgomery Ward
82. Richmond Mall Cleveland, OH	Fee	100.0	Built 1966	873,619	JCPenney, Sears
83. Richmond Square Richmond, IN	Fee	100.0	Built 1966	318,663	Dillard's (3), JCPenney Sears, Office Max
84. Rolling Oaks Mall North San Antonio, TX	Fee	49.9	Built 1988	758,834	Dillard's, Foley's Sears
85. Ross Park Mall Pittsburgh, PA	Fee	(7) 89.0	Built 1986	1,273,553	Lazarus, JCPenney Kaufmann's, Sears Service Merchandise
86. St. Charles Towne Center Waldorf, MD	Fee	100.0	Built 1990	961,698	Hecht's, JCPenney, Kohl's (3), Sears Montgomery Ward,
87. Seminole Towne Center Sanford, FL	Fee	45.0	Built 1995	1,138,893	Burdines, Dillard's JCPenney, Parisian, Sears
88. Smith Haven Mall Lake Grove, NY	Fee	25.0	Acquired 1995	1,340,472	Sterns, Macy's Sears, JCPenney (3)
89. South Park Mall Shreveport, LA	Fee	100.0	Built 1975	858,891	Burlington Coat Factory Dillard's, JCPenney Montgomery Ward Stage
90. Southtown Mall Ft. Wayne, IN	Fee	100.0	Built 1969	858,196	Kohl's, JCPenney, L.S. Ayres Sears, Service Merchandise
91. Southern Park Mall Youngstown, OH	Fee	100.0	Built 1970	1,200,480	Dillard's, Kaufmann's JCPenney, Sears
92. Southgate Mall Yuma, AZ	Fee	100.0	Acquired 1988	321,343	Albertson's (14), Sears Dillard's, JCPenney
93. Summit Mall Akron, OH	Fee	100.0	Built 1965	717,868	Kaufmann's, Dillard's (10)
94. Sunland Park Mall El Paso, TX	Fee	100.0	Built 1988	921,001	JCPenney, Mervyn's, Sears, Dillard's Montgomery Ward
95. Tacoma Mall Tacoma, WA	Fee	100.0	Acquired 1987	1,282,240	The Bon Marche, Sears Nordstrom, JCPenney Mervyn's
96. Tippecanoe Mall Lafayette, IN	Fee	100.0	Built 1973	866,727	Kohl's, Lazarus, Sears L.S. Ayres, JCPenney

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97. Towne East Square Wichita, KS	Fee	100.0	Built 1975	1,151,119	Dillard's, JCPenney Sears, Service Merchandise
98. Towne West Square Wichita, KS	Fee	100.0	Built 1980	937,959	Dillard's, Sears, JCPenney Montgomery Ward Service Merchandise
99. Treasure Coast Square Stuart, FL	Fee	100.0	Built 1987	884,630	Burdines, Dillard's, Sears Mervyn's (8), JCPenney
100. Tyrone Square St. Petersburg, FL	Fee	100.0	Built 1972	1,092,599	Burdines, Dillard's JCPenney, Sears
101. University Mall Little Rock, AR	Ground Lease (17) (2026)	100.0	Built 1967	565,431	JCPenney, M.M. Cohn Montgomery Ward
102. University Mall Pensacola, FL	Fee	100.0	Acquired 1994	712,170	McRae's, JCPenney Sears
103. University Park Mall South Bend, IN	Fee	60.0	Built 1979	940,692	LS Ayres, Hudson's JCPenney, Sears Marshall Fields
104. Upper Valley Mall Springfield, OH	Fee	100.0	Built 1971	750,704	Lazarus, JCPenney Sears, Elder-Beerman
105. Valle Vista Mall Harlingen, TX	Fee	100.0	Built 1983	647,078	Dillard's, Mervyn's, Sears, JCPenney, Marshalls, Beall's
106. Virginia Center Commons (4) Richmond, VA	Fee	(7) 70.0	Built 1991	788,481	Proffitt's (8), Hecht's Leggett, JCPenney Sears
107. Washington Square Indianapolis, IN	Fee	100.0	Built 1974	1,178,457	L.S. Ayres, Lazarus Montgomery Ward JCPenney, Sears
108. West Ridge Mall Topeka, KS (18)	Fee	100.0	Built 1988	1,041,624	Dillard's, JCPenney Jones, Sears Montgomery Ward
109. West Town Mall Knoxville, TN	Fee and Ground Lease (6) (2042)	2.0	Acquired 1991	1,262,386	JCPenney, Sears, Parisian Proffitt's, Dillard's
110. White Oaks Mall Springfield, IL	Fee	77.0	Built 1977	903,581	Bergner's, Famous Barr Montgomery Ward, Sears
111. Wichita Mall Wichita, KS	Ground Lease (2022)	100.0	Built 1969	379,461	Office Max Montgomery Ward
112. Windsor Park Mall San Antonio, TX	Fee	100.0	Built 1976	1,095,093	Dillard's (5), JCPenney Mervyn's, Beall's Montgomery Ward
113. Woodville Mall Toledo, OH	Fee	100.0	Built 1969	794,325	Andersons, Sears Elder-Beerman, (10)

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VALUE-ORIENTED SUPER-REGIONAL MALL					
1. Ontario Mills (4) Ontario, CA	Fee	25.0	Built 1996	1,332,030	AMC Theatres, JCPenney Burlington Coat Factory Marshall's, Sports Authority Dave & Busters (3) Group USA, IWERKS (3) American Wilderness Experience (3), T.J. Maxx Foozles, Totally for Kids Bed, Bath & Beyond Bernini - Off Rodeo Mikasa, Virgin Megastore SEGA GameWorks (3) Off 5th-Saks Fifth Avenue Outlet
SPECIALTY RETAIL CENTERS					
1. Forum Shops at Caesars, The Las Vegas, NV	Ground Lease (2067)	60.0	Built 1992	242,031	
2. Tower Shops Las Vegas, NV	Space Lease (2051)	50.0	Built 1996	61,280	
3. Trolley Square Salt Lake City, UT	Fee and Ground Lease (19)	90.0	Acquired 1986	225,813	
MIXED-USE PROPERTIES					
1. Fashion Centre at Pentagon City, The Arlington, VA	Fee	21.0	Built 1989	988,524 (20)	Macy's Nordstrom
2. New Orleans Centre/CNG Tower New Orleans, LA	Fee and Ground Lease (2084)	100.0	Built 1988	1,024,344 (21)	Macy's Lord & Taylor
3. O'Hare International Center Rosemont, IL	Fee	100.0	Built 1988	495,935 (22)	
4. Riverway Rosemont, IL	Fee	100.0	Acquired 1991	820,129 (23)	

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COMMUNITY SHOPPING CENTERS					
1. Arvada Plaza Arvada, CO	Ground Lease (2058)	100.0%	Built 1966	98,242	King Soopers
2. Aurora Plaza Aurora, CO	Ground Lease (2058)	100.0	Built 1965	150,189	King Soopers, MacFrugel's Bargains Super Saver Cinema
3. Bloomingdale Court Bloomingdale, IL	Fee	100.0	Built 1987	598,570	Builders Square, T.J. Maxx Cineplex Odeon Frank's Nursery, Marshalls Office Max, Wal-Mart, (10) Service Merchandise,
4. Boardman Plaza Youngstown, OH	Fee	100.0	Built 1951	651,257	Burlington Coat Factory Giant Eagle, T.J. Maxx Reyers Outlet, Hills, (10)
5. Bridgeview Court Bridgeview, IL	Fee	100.0	Built 1988	280,299	Omni, Venture
6. Brightwood Plaza Indianapolis, IN	Fee	100.0	Built 1965	41,893	_
7. Bristol Plaza Bristol, VA	Ground Lease (2029)	100.0	Built 1965	116,754	(10)
8. Buffalo Grove Towne Center Buffalo Grove, IL	Fee	92.5	Built 1988	134,131	Buffalo Grove Theatres
9. Celina Plaza El Paso, TX	Fee and Ground Lease (24) (2027)	100.0	Built 1978	32,622	General Cinema
10. Chesapeake Center Chesapeake, VA	Fee	100.0	Built 1989	305,904	Movies 10, Phar Mor K-Mart, Service Merchandise
11. Cobblestone Court Victor, NY	Fee and Ground Lease (13) (2038)	35.0	Built 1993	261,165	Dick's Sporting Goods Kmart, Office Max
12. Cohoes Commons Rochester, NY	Fee and Ground Lease (6) (2032)	100.0	Built 1984	262,964	Bryant & Stratton Business Institute Lechmere's, Xerox
13. Countryside Plaza Countryside, IL	Fee and Ground Lease (13) (2058)	100.0	Built 1977	435,543	Best Buy, Builders Square Old Country Buffet Venture, (10)
14. Crystal Court Crystal Lake, IL	Fee	35.0	Built 1989	284,741	Cub Foods, Wal-Mart Service Merchandise, (10)
15. East Towne Commons Knoxville, TN	Fee	100.0	Built 1987	180,355	Electric Avenue & More
16. Eastland Plaza Tulsa, OK	Fee	100.0	Built 1986	188,154	Marshalls, Target Toys "R" Us

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17. Fairfax Court Fairfax, VA	Ground Lease (2052)	26.3	Built 1992	249,285	Circuit City Superstore Montgomery Ward Today's Man
18. Forest Plaza Rockford, IL	Fee	100.0	Built 1985	413,816	Builders Square, Kohl's Marshalls, Michaels Office Max, T.J. Maxx
19. Fox River Plaza Elgin, IL	Fee	100.0	Built 1985	324,786	Builders Square, Venture Michaels (25) Service Merchandise, (10)
20. Gaitway Plaza Ocala, FL	Fee	23.3	Built 1989	229,909	Books-A-Million Montgomery Ward Office Depot, T.J. Maxx
21. Great Lakes Plaza Cleveland, OH	Fee	100.0	Built 1976	163,920	Handy Andy, Circuit City
22. Great Northeast Plaza Philadelphia, PA	Fee	50.0	Acquired 1989	298,242	Sears, Phar Mor
23. Greenwood Plus Greenwood, IN	Fee	100.0	Built 1979	188,480	Best Buy, Cinema I-IV Kohl's
24. Griffith Park Plaza Griffith, IN	Ground Lease (2060)	100.0	Built 1979	274,230	General Cinema Venture
25. Grove at Lakeland Square, The Lakeland, FL	Fee	100.0	Built 1988	215,591	Lakeland Square 10 Sports Authority Wal-Mart
26. Hammond Square Sandy Springs, GA	Space Lease (2011)	100.0	Built 1974	87,705	_
27. Highland Lakes Center Orlando, FL	Fee	100.0	Built 1991	477,324	Goodings, Marshalls Ross Dress for Less, Movies 10, Service Merchandise Office Max, Target, (10)
28. Ingram Plaza San Antonio, TX	Fee	100.0	Built 1980	111,518	_
29. Lake Plaza Waukegan, IL	Fee	100.0	Built 1986	218,208	Builders Square (9) Venture
30. Lake View Plaza Orland Park, IL	Fee	100.0	Built 1986	388,318	Best Buy (26), Ultra 3 (26) Linens-N-Things (26) Marshalls, Michaels (25) Omni, Pet Care Plus (26) Service Merchandise, (10)
31. Lima Center Lima, OH	Fee	100.0	Built 1978	193,279	Regal Cinema, Hills Service Merchandise

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32. Lincoln Crossing O'Fallon, IL	Fee	100.0	Built 1990	161,337	PetsMart, Wal-Mart
33. Mainland Crossing Galveston, TX	Fee	(7) 80.0	Built 1991	390,986	Sam's Club, Wal-Mart (10)
34. Maplewood Square Omaha, NE	Fee	100.0	Built 1970	130,780	Bag `N Save
35. Markland Plaza Kokomo, IN	Fee	100.0	Built 1974	108,296	Service Merchandise
36. Martinsville Plaza Martinsville, VA	Space Lease (2036)	100.0	Built 1967	102,162	Rose's
37. Marwood Plaza Indianapolis, IN	Fee	100.0	Built 1962	105,785	Kroger
38. Matteson Plaza Matteson, IL	Fee	100.0	Built 1988	275,455	Dominick's, Michael's Kmart, Service Merchandise
39. Memorial Plaza Sheboygan, WI	Fee	100.0	Built 1966	129,202	Marcus Theatre (10)
40. Mounds Mall Cinema Anderson, IN	Fee	100.0	Built 1974	7,500	Kerasotes Theater
41. New Castle Plaza New Castle, IN	Fee	100.0	Built 1966	91,648	Goody's
42. North Ridge Plaza Joliet, IL	Fee	100.0	Built 1985	323,672	Builders Square (27) Office Max Service Merchandise
43. North Riverside Park Plaza North Riverside, IL	Fee	100.0	Built 1977	119,608	_
44. Northland Plaza Columbus, OH	Fee and Ground Lease (6) (2085)	100.0	Built 1988	205,688	Marshalls, Phar-Mor Service Merchandise
45. Northwood Plaza Fort Wayne, IN	Fee	100.0	Built 1974	211,840	Regal Cinema Target
46. Park Plaza Hopkinsville, KY	Fee and Ground Lease (6) (2039)	100.0	Built 1968	114,042	Wal-Mart (9)
47. Plaza at Buckland Hills, The Manchester, CT	Fee	35.0	Built 1993	336,534	Toys "R" Us, Kids "R" Us Service Merchandise Lechmere, Comp USA Linens-N-Things Filene's Basement
48. Regency Plaza St. Charles, MO	Fee	100.0	Built 1988	277,521	Sam's Wholesale Wal-Mart

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49. Ridgewood Court Jackson, MS	Fee	35.0	Built 1993	240,843	Campo Electronics Home Quarters, T.J. Maxx Service Merchandise
50. Royal Eagle Plaza Coral Springs, FL	Fee	35.0	Built 1989	203,140	Kmart Luxury Linens
51. St. Charles Towne Plaza Waldorf, MD	Fee	100.0	Built 1987	435,162	Ames, Hechinger Jo Ann Fabrics People's, T.J. Maxx Service Merchandise Shoppers Food Warehouse
52. Teal Plaza Lafayette, IN	Fee and Ground Lease (2007) (6)	100.0	Built 1962	110,751	Hobby-Lobby (10)
53. Terrace at The Florida Mall Orlando, FL	Fee	100.0	Built 1989	332,980	J. Byrons, Marshalls Service Merchandise Target, Waccamaw
54. Tippecanoe Plaza Lafayette, IN	Fee	100.0	Built 1974	95,898	Barnes & Noble Bookseller Service Merchandise
55. University Center South Bend, IN	Fee	60.0	Built 1980	150,533	Best Buy, Michaels Service Merchandise
56. Village Park Plaza Westfield, IN	Fee	35.0	Built 1990	503,052	Frank's Nursery, Gaylan's Jo-Ann Fabrics, Kohl's Marsh, Regal Cinemas Wal-Mart
57. Wabash Village West Lafayette, IN	Ground Lease (2063)	100.0	Built 1970	124,748	Kmart
58. Washington Plaza Indianapolis, IN	Fee	(7) 85.0	Built 1976	50,302	Kids "R" Us
59. West Ridge Plaza Topeka, KS	Fee	100.0	Built 1988	237,650	Magic Forest, Target TJ Maxx, Toys "R" Us
60. West Town Corners Altamonte Springs, FL	Fee	23.3	Built 1989	384,454	PetsMart, Wal-Mart Service Merchandise Sports Authority, Xtra
61. Westland Park Plaza Orange Park, FL	Fee	23.3	Built 1989	163,154	Burlington Coat Factory PetsMart, Sports Authority
62. White Oaks Plaza Springfield, IL	Fee	100.0	Built 1986	389,063	Cub Foods, Kids "R" Us Kohl's, Office Max T.J. Maxx, Toys "R" Us
63. Willow Knolls Court Peoria, IL	Fee	35.0	Built 1990	372,741	Kohl's, Phar-Mor Sam's Wholesale Club Willow Knolls Theaters 14
64. Wood Plaza Fort Dodge, IA	Ground Lease (2045)	100.0	Built 1968	87,643	Country General

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65. Yards Plaza, The Chicago, IL	Fee	35.0	Built 1990	273,292	Burlington Coat Factory Omni Superstore Montgomery Ward
PROPERTIES UNDER CONSTRUCTION					
1. Arizona Mills Tempe, AZ	Fee	25.0	(28)	1,230,000	Burlington Coat Factory Harkins Theater, Mikasa Oshman's Supersport Off 5th- Saks Fifth Avenue Outlet, JCPenney Outlet Mikasa, Rainforest Cafe SEGA GameWorks, Hi Health, Linens `N Things
2. Grapevine Mills Grapevine (Dallas/Ft. Worth), TX	Fee	37.5	(28)	1,480,000	Books-A-Million Burlington Coat Factory Off 5th- Saks Fifth Avenue Outlet, JCPenney Outlet Rainforest Cafe, Group USA Bed, Bath & Beyond AMC Theatres, SEGA GameWorks American Wilderness
3. Indian River Commons Vero Beach, FL	Fee	50.0	(29)	265,000	HomePlace, Lowe's Office Max Service Merchandise
4. The Source Long Island, NY	Fee	50.0	(30)	730,000	Fortunoff, Nordstrom Rack Circuit City, Just for Feet Off 5th- Saks Fifth Avenue Cheesecake Factory Old Navy, Loehmann's Bertolini's, Virgin Megastore
5. The Shops at Sunset Place, Miami, FL	Fee	75.0	(31)	500,000	Nike Town, AMC Theatres Virgin Megastore Z Gallerie, IMAX Theatre Barnes & Noble, Twin Palms

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(1) The date listed is the expiration date of the last renewal option available to the Operating Partnership under the ground lease. In a majority of the ground leases, the lessee has either a right of first refusal or the right to purchase the lessor's interest. Unless otherwise indicated, each ground lease listed in this column covers at least 50% of its respective property.
(2) The Operating Partnership's interests in some Joint Venture Properties are subject to preferences on distributions in favor of other partners.
(3) Indicates anchor is currently under construction.
(4) This property is managed by a third party.
(5) This retailer operates two stores at this property.
(6) Indicates ground lease covers less than 15% of the acreage of this property.
(7) The Operating Partnership receives substantially all of the economic benefit of these properties.
(8) Indicates retailer location is currently under contract to be sold to Dillard's.
(9) Indicates anchor has closed, but is still obligated under lease agreement to pay rent.
(10) Includes an anchor space currently vacant.
(11) The Operating Partnership intends to demolish this mall and rebuild a community center and a cinema on the land during 1997.
(12) Indicates two ground leases which taken together, cover less than 50% of the acreage of the property.
(13) Indicates ground lease covers less than 50% of the acreage of the property.
(14) Indicates this anchor is currently subleasing the space to other retailers.
(15) Indicates ground lease covers all of the property except for parcels owned in fee by anchors.
(16) Primarily retail space with approximately 69,876 square feet of office space.
(17) Indicates one ground lease covers substantially all of the property and a second ground lease covers the remainder.
(18) Includes outlots in which the Operating Partnership has an 85% interest and which represent less than 3% of the GLA and total annualized base rent for the property.
(19) Indicates a ground lease covers a pedestrian walkway and steps at this property. The Operating Partnership, as ground lessee, has the right to successive five-year renewal options, except if the lessor, a public agency, determines that public right-of-way needs necessitate the locality's use of the ground lease property.
(20) Primarily retail space with approximately 167,150 square feet of office space.
(21) Primarily retail space with 487,425 square feet of office space.
(22) Primarily office space with approximately 12,800 square feet of retail space.
(23) Primarily office space with approximately 24,300 square feet of retail space.
(24) Indicates ground lease covers outparcel.
(25) Indicates anchor closed prior to December 31, 1996, but was still under lease until January 31, 1997.
(26) Subleased from TJX Companies.
(27) Lease was terminated subsequent to December 31, 1996 and is currently vacant.
(28) Scheduled to open during the fall of 1997.
(29) This property is scheduled to open during March 1997.
(30) Scheduled to open during the summer of 1997.
(31) Scheduled to open during 1998.

LAND HELD FOR DEVELOPMENT

The Operating Partnership has direct or indirect ownership interests in six parcels of land held for development, containing an aggregate of approximately 367 acres located in five states, and, through the Management Company, interest in a mortgage on a parcel of land held for development containing approximately 134 acres. Management believes that the Operating Partnership's significant base of commercially zoned land, together with the Operating Partnership's status as a fully integrated real estate firm, gives it a competitive advantage in future development activities over other commercial real estate development companies in its principal markets.

The following table describes the acreage and intended use of the parcels of undeveloped land in which the Operating Partnership has an ownership interest, as well as the ownership percentage of the Operating Partnership's interest in each parcel:

LOCATION	ACREAGE	OWNERSHIP INTEREST (1)
Duluth, MN	11.17	100%
Lafayette, IN	22.87	100%
Little Rock, AR	97.00	50%
Mt. Juliet, TN	109.26	100%
Muncie, IN	33.20	100%
Bowie, MD	93.74	100%
	367.24	

(1) The Operating Partnership has a direct ownership interest in each parcel except Duluth, MN; Mt. Juliet, TN and Muncie, IN. The Operating Partnership has the option to acquire those parcels from the Management Company.

The Management Company has granted options to the Operating Partnership (for no additional consideration) to acquire for a period of ten years (expiring December 2003) the Management Company's interest in three parcels of land held for development, as indicated in footnote (1) to the above table, at a price equal to the actual cost incurred to acquire and carry such properties from their acquisition by the Management Company to the exercise date of the option. The Management Company may not sell its interest in any parcel subject to option through December 1998 without the consent of the Operating Partnership. After such period, if the Management Company notifies the Operating Partnership that it desires to sell its interest in a parcel, the Operating Partnership has 30 days to exercise its option, after which time the option expires as to such parcel. If the Operating Partnership does not exercise its option and the Management Company has not sold the parcel within one year from such notice, the Management Company must again give the Operating Partnership the right to purchase the Management Company's interest in such parcel before it sells its interest by giving the Operating Partnership notice of such intent to sell, following which notice the Operating Partnership again has 30 days to elect to purchase the Management Company's interest at a price calculated as described above.

The Management Company also holds indebtedness secured by 134 acres of land held for development, Lakeview at Gwinnett ("Lakeview") in Gwinnett County, Georgia, in which Melvin Simon, Herbert Simon and certain of their affiliates (the "Simons") hold a 64% partnership interest. In addition, the Management Company holds unsecured debt owed by the Simons as partners of this partnership. The Management Company has an option to acquire the Simons' partnership interests in Lakeview for one dollar in the event the requisite partner consents to such transfers are obtained. The Management Company is required to fund certain operating expenses and carrying costs of the partnership that are owed by the Simons as partners thereof (the "Advances"). The Management Company has granted to the Operating Partnership the option to acquire (i) the Simons' partnership interest(s) and the secured debt or (ii) the property, if the Management Company forecloses the secured indebtedness, for one dollar plus the amount of all Advances plus the amount of the outstanding secured and unsecured debt.

JOINT VENTURES

The Operating Partnership is a joint venture partner with a major pension fund in twelve existing community shopping centers and two regional mall

(Seminole Towne Center and The Avenues). With certain exceptions, such pension fund has a right of first refusal subject to certain conditions to enter into joint ventures with the Operating Partnership for the development of future power centers.

The Operating Partnership has also entered into an agreement which gives the outside partner the right to sell its ownership interest in Rolling Oaks Mall to the Operating Partnership in exchange for Units of the Operating Partnership based on the fair market value of the ownership interest at the time of the exchange. This right expires on January 1, 2002.

MORTGAGE FINANCING ON PROPERTIES

The following table sets forth certain information regarding the mortgages and other debt encumbering the Properties. All mortgage and property related debt is nonrecourse, although certain of the Unitholders other than the Company have guaranteed a portion of the property related debt in the aggregate amount of $506.4 million.

MORTGAGE AND OTHER DEBT ON PORTFOLIO PROPERTIES
(DOLLARS IN THOUSANDS)

PROPERTY NAME	INTEREST RATE	FACE AMOUNT @ 12/31/96	ANNUAL DEBT SERVICE	MATURITY DATE
CONSOLIDATED PROPERTIES:				
Anderson Mall (1)	6.74%	$19,000	$1,281 (2)	12/15/03
Barton Creek Square	8.10%	63,549	5,867	12/30/99
Battlefield Mall	7.50%	50,724	4,765	06/01/03
Biltmore Square	7.15%	28,265	2,795	01/01/01
Bloomingdale Court (3)	8.75%	29,009	2,538 (2)	12/01/00
Chesapeake Centre	8.44%	6,563	554 (2)	05/15/15
Chesapeake Square	7.28%	52,576	4,882	01/01/01
Cielo Vista Mall (4)	9.25% (5)	56,329	5,665	05/01/07
Cielo Vista Mall	8.13%	2,323	376	07/01/04
College Mall (6)	7.00%	43,429	3,563	07/01/04
Columbia Shopping Center	7.62%	43,369	3,789	03/15/02
Crossroads Mall	7.75%	41,440	3,212 (2)	07/31/02
Crystal River	- (7) (8)	16,000	- (2)	01/01/01
Eastgate Consumer Mall	- (9)	25,429	- (2)	12/31/98
East Towne Mall	-(10)	55,000	- (2)	09/29/98
Eastland Mall	- (9)	30,000	- (2)	11/01/97
Forest Mall (12)	6.74%	12,800	863 (2)	12/15/03
Forest Plaza (3)	8.75%	16,904	1,518 (2)	12/01/00
Forest Village Park (1)	6.16%	20,600	1,269 (2)	12/15/03
Fox River Plaza (3)	8.75%	12,654	1,107 (2)	12/01/00
Golden Ring Mall (12)	6.74%	29,750	2,005 (2)	12/15/03
Great Lakes Mall	6.74%	54,137	4,354	03/15/01
Great Lakes Mall	7.07%	8,719	724	03/15/01
Greenwood Park Mall (6)	7.00%	36,374	2,984	07/01/04
Grove at Lakeland Square	8.44%	3,750	317 (2)	05/15/15
Gulf View Square	8.25%	38,600	3,185 (11)	10/01/06
Highland Lakes Plaza	- (8) (9)	14,377	- (2)	03/31/02
Hutchinson Mall (12)	8.44%	11,523	973 (2)	10/01/02
Ingram Park Mall	8.10%	49,107	4,533	12/01/99
Ingram Park Mall	9.63%	7,000	674 (2)	11/01/99
Irving Mall (4)	9.25 (5)	43,375	4,363	05/01/07
Jefferson Valley Mall	-(13)	50,000	- (2)	01/12/00
La Plaza Mall	8.25%	50,526	4,677	12/30/99
Lake View Plaza (3)	8.75%	22,169	1,940 (2)	12/01/00
Lima Mall	7.12%	19,412	1,619	03/15/02
Lincoln Crossing (3)	8.75%	997	87 (2)	12/01/00
Lincolnwood Town Center	-(14)	63,000	- (2)	01/31/98
Longview Mall (1)	6.16%	22,100	1,361 (2)	12/15/03
Mainland Crossing	- (8) (9)	2,226	- (2)	03/31/02
Mainland Peripheral	- (7) (8)	1,290	- (2)	12/31/01
Mall of the Mainland	- (7) (8)	40,706	- (2)	03/31/02
Markland Mall (12)	6.74%	10,000	675 (2)	12/15/03
Matteson Plaza (3)	8.75%	11,159	976 (2)	12/01/00
McCain Mall (4)	9.25% (5)	26,304	2,646	05/01/07
Melbourne Square	7.42%	40,214	3,374	02/01/05
Miami International	6.91%	47,500	3,267	12/21/03
Midland Park Mall (12)	6.31%	22,500	1,420 (2)	12/15/03
Miller Hill Mall (12)	6.74%	34,500	2,325 (2)	12/15/03
Muncie Mall (12)	6.74%	24,000	1,618 (2)	12/15/03

MORTGAGE AND OTHER DEBT ON PORTFOLIO PROPERTIES
(DOLLARS IN THOUSANDS)

PROPERTY NAME	INTEREST RATE	FACE AMOUNT @ 12/31/96	ANNUAL DEBT SERVICE	MATURITY DATE
CONSOLIDATED PROPERTIES:				
Muncie Mall (12)	6.99%	20,000	1,398	12/15/03
North East Mall	10.00%	22,442	2,475	09/01/00
North Riverside Park Plaza	9.38%	4,117	452	09/01/02
North Riverside Park Plaza	10.00%	3,668	420	09/01/02
North Towne Square (12)	6.31%	23,500	1,483 (2)	12/15/03
Northgate Mall	7.62%	80,983	7,075	03/15/02
O'Hare International Center	7.50% (15)	27,500	2,063	12/31/13
Paddock Mall	8.25%	30,700	2,873 (11)	10/01/06
Port Charlotte	7.28%	46,548	3,857	01/01/01
Randall Park	9.25%	34,269	4,338	01/01/11
Regency Plaza (3)	8.75%	1,878	164 (2)	12/01/00
Riverway	-(16)	85,571	- (2)	12/31/98
Riverway	-(16)	45,879	- (2)	12/31/98
Ross Park Mall	6.14%	60,000	3,684	08/15/98
South Park Mall (1)	7.25%	24,748	1,791 (2)	06/15/03
St. Charles Towne Plaza (3)	8.75%	30,887	2,703 (2)	12/01/00
Sunland Park Mall	8.63% (5)	40,149	3,773	01/01/26
Tacoma Mall	7.62%	94,752	8,278	03/15/02
Terrace at The Florida Mall	8.44%	4,688	396	05/15/15
The Forum Shops at Caesars	-(17)	100,000	- (2)	02/23/00
The Forum Shops at Caesars	-(18)	22,716	- (2)	02/23/00
Tippecanoe Mall (6)	8.45%	47,556	4,647	07/01/04
Towne East Square (6)	7.00%	57,419	4,711	07/01/04
Towne West Square (1)	6.16%	40,250	2,479 (2)	12/15/03
Treasure Coast Square	7.42%	54,581	4,571 (2)	01/01/06
Trolley Square	5.81%	19,000	1,104 (2)	07/23/00 (19)
Trolley Square	- (9)	3,500	- (2)	07/23/00
Trolley Square	- (9)	4,641	- (2)	07/23/00
University Park Mall	7.43%	59,500	4,421 (2)	10/01/07
Valle Vista Mall (4)	9.25% (5)	34,837	3,504	05/01/07
West Ridge Mall	8.005	50,005	4,529	06/01/99
West Ridge Plaza (3)	8.75%	4,612	404 (2)	12/01/00
White Oaks Mall	7.70%	16,500	1,271 (2)	03/01/98
White Oaks Plaza (3)	8.75%	12,345	1,080 (2)	12/01/00
Windsor Park Mall	8.00%	8,951	811	05/01/12
Windsor Park Mall	8.00%	6,009	544	06/01/00
DRC Securitized Debt - Fixed	8.12% (20)	366,346	30,698	03/01/01
DRC Securitized Debt - Floating	-(21) (8)	87,200	- (2)	03/01/01
TOTAL PLEDGED PROPERTY INDEBTEDNESS		3,089,525		
Simon DeBartolo Group, L.P.:				
Unsecured Revolving Credit Facility	- (22)	230,000	- (2)	09/27/99
Unsecured Notes (34)	6.88%	250,000	17,200	11/15/06
Putable Asset Trust Securities (34)	6.75%	100,000	6,750	11/15/03
TOTAL INDEBTEDNESS-CONSOLIDATED (23)		$3,669,525		

MORTGAGE AND OTHER DEBT ON PORTFOLIO PROPERTIES
(DOLLARS IN THOUSANDS)

PROPERTY NAME	INTEREST RATE	FACE AMOUNT @ 12/31/96	ANNUAL DEBT SERVICE	MATURITY DATE
JOINT VENTURE PROPERTIES:				
Aventura Mall	-(24)	100,000	- (2)	08/08/98
Aventura Mall	-(25)	6,700	-	05/01/97
Aventura Mall	7.00%	2,500	175 (2)	05/01/97
Aventura Mall	-(26)	3,563	- (2)	03/01/97
The Avenues	8.36%	59,051	5,552	05/15/03
Century III Mall	7.00%	519	541	12/01/97
Century III Mall	6.78%	66,000	4,475 (2)	07/01/03
Circle Centre	-(27)	60,000	- (2)	12/05/03
Cobblestone Court (28)	7.22%	6,180	446 (2)	11/30/05
Coral Square	7.40%	53,300	3,944	12/01/00
Crystal Court (28)	7.22%	3,570	258 (2)	11/30/05
Fairfax Court (28)	7.22%	10,320	745 (2)	11/30/05
Florida Mall	-(29)	75,000	- (2)	12/01/98
Gaitway Plaza (28)	7.22%	7,350	531 (2)	11/30/05
Great Northeast Plaza	9.04%	17,940	1,744	06/01/06
Indian River Mall	-(14)	37,723	- (2)	03/29/99
Lakeline Mall	-(30)	68,515	- (2)	05/16/99
Lakeland Square	7.26%	53,300	3,870 (2)	12/22/03
Northfield Square	9.50%	24,596	2,575	04/01/00
Ontario Mills	-(31)	77,637	- (2)	05/07/99
Palm Beach Mall	8.21%	52,179	5,072	12/15/02
Ridgewood Court (28)	7.22%	7,980	576 (2)	11/30/05
Royal Eagle Plaza (28)	7.22%	7,920	572 (2)	11/30/05
Seminole Towne Center	6.88%	70,500	4,850 (2)	12/27/05
Smith Haven Mall	7.86%	115,000	9,039	06/01/06
The Tower Shops	- (7)	15,749	- (2)	03/13/99
The Plaza At Buckland Hills (28)	7.22%	17,680	1,276 (2)	11/30/05
The Source	-(32)	62,032	-	07/16/01
The Yards Plaza (28)	7.22%	8,270	597 (2)	11/30/05
Village Park Plaza (28)	7.22%	8,960	647 (2)	11/30/05
West Town Corners (28)	7.22%	10,330	746 (2)	11/30/05
Westland Park Plaza (28)	7.22%	4,950	357 (2)	11/30/05
Willow Knolls Court (28)	7.22%	6,490	469 (2)	11/30/05
TOTAL INDEBTEDNESS-EQUITY (33)		$1,121,804		

(FOOTNOTES ON FOLLOWING PAGE)

(FOOTNOTES FOR PRECEDING PAGES)

(1) Loans secured by these five properties are cross-collateralized and cross-defaulted. The aggregate principal amount of the loans is $126,698, with an annual debt service of $8,181 and weighted average interest rate of 6.46%. Four of the loans have interest rate reset provisions available on 12/15/98 and mature 12/15/2003. The remaining loan matures on 6/15/2003. During the term of these loans, there is amortization of a portion of the principal amount.
(2) Requires monthly payments of interest only. Fixed-rate debt will reflect an amount for annual debt service.
(3) These 10 properties are cross-defaulted.
(4) On December 31, 1996, these four properties were cross-collateralized and cross-defaulted. On January 31, 1997, the Operating Partnership closed on a restructure of these loans, which included repaying the Irving Mall loan, paying $21,000 to remove the contingent interest feature on the three remaining loans and paying down a total of $3,900 on two other Property loans with the same lender.
(5) Lender also participates in a percentage of gross revenues above a specified base.
(6) Loans secured by these four properties are cross-collateralized and cross-defaulted. The aggregate principal amount of the loans is $184,778, with an annual debt service of $15,905 and interest rate of 7.0%, except for Tippecanoe Mall, which bears interest at 8.45%. During the term of these loans, there is amortization of a portion of the principal amount.
(7) LIBOR + 2.00%.
(8) The Operating Partnership's share of this debt has LIBOR swapped at 4.75%.
(9) LIBOR + 1.50%.
(10) LIBOR + 1.125%.
(11) Loan requires monthly payments of interest only through 2/1/97, and then begins amortizing over 25 years.
(12) Loans secured by these eight properties are cross-collateralized and/or cross-defaulted. The aggregate principal amount of the loans is $188,573, with an annual debt service of $12,760, and a weighted average interest rate of 6.77%. Eight of these loans have interest reset provisions available on 12/15/98 and mature 12/15/2003. The remaining loan will mature 10/1/2002. During the term of these loans, there is amortization of a portion of the principal amount.
(13) LIBOR + 0.55% with LIBOR capped at 8.7% through maturity.
(14) LIBOR + 1.25%.
(15) In 1998, the lender will begin participating in a percentage of gross revenues after deduction of debt service, tenant improvement costs and leasing commissions.
(16) LIBOR + 1.375%, LIBOR capped at 5.0% through maturity.
(17) LIBOR + 1.00%.
(18) LIBOR + 1.8125%.
(19) 7/23/2000 is the earliest date on which the lender may call the bonds.
(20) This is the weighted average interest rate of the securitized fixed-rate debt.
(21) LIBOR + 0.56%, with LIBOR swapped at 4.75%.
(22) $750,000 unsecured revolving credit facility. Currently, bears interest at LIBOR + 0.90% and provides for different pricing based upon the Operating Partnership's investment grade rating. LIBOR is initially capped at 7.5%; however, if LIBOR should equal or exceed 8.75% between monthly reset dates, then LIBOR will be capped at 8.5% for that period only. As of 12/31/96, $510,000 was available, with an additional $10,000 reserved under a letter of credit. SDG, LP and SPG, LP are co-borrowers under this credit facility.
(23) Includes minority interest partners' share ($103,650) of total consolidated indebtedness.
(24) Bank of Tokyo CD Rate + 0.90%. To hedge the Operating Partnership's share of this debt, the Operating Partnership has swapped LIBOR at 4.75% in an amount equal to its share of this debt.
(25) Prime Rate + 1.25%
(26) Prime Rate.
(27) On February 18, 1997 the loan was refinanced at LIBOR +.44% with a maturity of 1/31/2004 and an initial reset date of 1/31/2001. The rate at 12/31/96 was LIBOR + 0.7%.
(28) Rate is fixed at 7.22% through December 1998 and thereafter the rate is the greater of 7.22% or 2.0% over the then current yield of a six month treasury bill selected by the lender.
(29) Commercial Paper Rate + 0.75%, plus letter of credit fees. To hedge the Operating Partnership's share of this debt, the Operating Partnership has swapped LIBOR at 4.75% in an amount equal to its share of this debt.
(30) LIBOR + 0.375%.
(31) LIBOR + 2.75%.
(32) LIBOR + 1.70%.
(33) Includes joint venture partners' share ($673,586) of total equity indebtedness.
(34) The unsecured notes and putable asset trust securities issued by SDG, LP are guaranteed by SPG, LP.

ITEM 3. LEGAL PROCEEDINGS

CARLO ANGOSTINELLI ET AL. V. DEBARTOLO REALTY CORP. ET AL. On October 16, 1996, a complaint was filed in the Court of Common Pleas of Mahoning County, Ohio, captioned Carlo Angostinelli et al. v. DeBartolo Realty Corp. et al. The named defendants are SD Property Group, Inc., a 99%-owned subsidiary of the Company, and DPMI, and the plaintiffs are 27 former employees of the defendants. In the complaint, the plaintiffs allege that they were recipients of deferred stock grants under the DRC Plan and that these grants immediately vested under the DRC Plan's "change in control" provision as a result of the Merger. Plaintiffs assert that the defendants' refusal to issue them approximately 661,000 shares of DRC common stock, which is equivalent to approximately 450,000 shares of common stock of the Company computed at the 0.68 Exchange Ratio used in the Merger, constitutes a breach of contract and a breach of the implied covenant of good faith and fair dealing under Ohio law. Plaintiffs seek damages equal to such number of shares of DRC common stock, or cash in lieu thereof, equal to all deferred stock ever granted to them under the DRC Plan, dividends on such stock from the time of the grants, compensatory damages for breach of the implied covenant of good faith and fair dealing, and punitive damages.

The complaint was served on the defendants on October 28, 1996, and pretrial proceedings have just commenced. The Company is of the opinion that it has meritorious defenses and accordingly intends to defend this action vigorously. While it is difficult for the Company to predict the outcome of this litigation at this stage based on the information known to the Company to date, the Company does not expect this action will have a material adverse effect on the Company or the Operating Partnership.

ROEL VENTO ET AL V. TOM TAYLOR ET AL. A subsidiary of the Operating Partnership is a defendant in litigation entitled Roel Vento et al v. Tom Taylor et al, in the District Court of Cameron County, Texas, in which a judgment in the amount of $7,800 has been entered against all defendants. This judgment includes approximately $6,500 of punitive damages and is based upon a jury's findings on four separate theories of liability including fraud, intentional infliction of emotional distress, tortuous interference with contract and civil conspiracy arising out of the sale of a business operating under a temporary license agreement at Valle Vista Mall, in Harlingen, Texas. The Operating Partnership is seeking to overturn the award and has appealed the verdict. Although the Operating Partnership is optimistic that it may be able to reverse or reduce the verdict, there can be no assurance thereof. Management, based upon the advice of counsel, believes that the ultimate outcome of this action will not have a material adverse effect on the Operating Partnership.

BROWNING-FERRIS INDUSTRIES OF ILLINOIS, ET AL. V. RICHARD TER MAAT, ET AL. V. CRAIG J. CAIN, ET AL., CASE NO. 92 C 20259. On April 4, 1994, a third-party action was filed by Richard Ter Maat and five other parties (collectively referred to as "Third Party Plaintiffs") named as defendants in the above referenced litigation, which had begun in 1992, against Machesney Park Associates (a "Subsidiary") and approximately 74 other parties (collectively referred to as "Third-Party Defendants"). That third-party action alleged generally that the Third-Party Defendants are liable under the Comprehensive Environmental response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. section 9601 et seq., and under Illinois statutory and common law for certain response costs expended and to be expended by Third-Party Plaintiffs in connection with the claims asserted by Browning-Ferris Industries of Illinois and approximately 20 other parties (collectively referred to as "Plaintiffs") against the Third-Party Plaintiffs. In the original lawsuit, Plaintiffs sought reimbursement of response costs they allegedly incurred and will incur in response to the release or threat of release of hazardous substances from the M.I.G./Dewane Landfill located one mile east of the City of Belvidere, in Boone County, Illinois (the "Site"), and declaratory judgment on liability against Defendants for such response costs. To date, the Plaintiffs have alleged response costs in excess of $5.0 million in connection with the Site.

In February 1996, the Subsidiary settled this pending litigation by the payment of $40,000 to the original Plaintiffs. Pursuant to that settlement, the Operating Partnership agreed that it would take part in a nonbinding arbitration or mediation at sometime in the future to allocate expenses incurred in remediating the Site. No such arbitration or mediation has yet been instituted. Management, based upon the advice of counsel, believes that the ultimate outcome of this action will not have a material adverse effect on the Operating Partnership.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR REGISTRANT AND RELATED SHAREHOLDER MATTERS

There is no established public trading market for the Operating Partnership's Units or Preferred Units. The following table sets forth for the periods indicated, the distributions declared on the Units:

	DECLARED DISTRIBUTION
1995	
1st Quarter 1995	$0.4925
2nd Quarter 1995	$0.4925
3rd Quarter 1995	$0.4925
4th Quarter 1995	$0.4925
1996	
1st Quarter 1996	$0.4925
2nd Quarter 1996	$0.4925
3rd Quarter 1996	$0.1515 (1)
4th Quarter 1996	$0.4925

(1) Represents a distribution declared in the third quarter of 1996 related to the Merger, designated to align the time periods of distribution payments of the merged entities.

On January 23, 1997, the Operating Partnership declared a distribution of $0.4925 per Unit payable on February 21, 1997 to Unit holders of record on February 7, 1997. The current annual distribution rate is $1.97 per share. As the holder of the Preferred Units, the Company is entitled to preferential distributions of cash equal to the dividends payable on its outstanding shares of preferred stock. The number of holders of Units was 136 as of March 27, 1997.

UNREGISTERED SALES OF EQUITY SECURITIES

On October 4, 1996, the Operating Partnership exercised its option to acquire the remaining 30% limited partnership interest in North East Mall owned by the Simons in exchange for 472,410 Units, as well as the Simons' 50% general partnership interest which the Operating Partnership acquired for nominal consideration. The Simons had previously contributed to the Operating Partnership in exchange for Units, the right to receive distributions relating to its 50% general partnership interest. The Units are convertible on a one-for-one basis into common stock of the Company.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected consolidated financial data for the Operating Partnership and combined historical financial data of Simon Property Group (the "Predecessor" of SPG, LP). The financial statements of the Operating Partnership for the post merger periods reflect the reverse acquisition of DeBartolo Realty Partnership, L.P. by the Company using the purchase method of accounting. The financial statements for all pre-merger comparative periods reflect the financial statements of SPG, LP the predecessor for accounting purposes to SDG, LP. All references herein to the Operating Partnership are to SDG, LP or SPG, LP as the case may be. The financial data should be read in conjunction with the financial statements and notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations.

Other data management believes is important in understanding trends in the Operating Partnership's business is also included in the table.

	THE OPERATING PARTNERSHIP				SIMON PROPERTY GROUP	
	FOR THE YEAR ENDED DECEMBER 31,			FOR THE PERIOD FROM DECEMBER 20 TO DECEMBER 31,	FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 19,	FOR THE YEAR ENDED DECEMBER 31,
	1996(1)	1995(1)	1994(1)	1993	1993	1992
	(In thousands, except per Unit data)					
OPERATING DATA:						
Total revenue	$ 747,704	$ 553,657	$ 473,676	$ 18,424	$ 405,869	$ 400,852
Income (loss) before extraordinary items	134,663	101,505	60,308	8,707	6,912	(11,692)
Net income (loss)	131,142	98,220	42,328	(21,774)	33,101	(11,692)
Preferred Unit requirement	12,694	1,490	--	--	--	--
Net income (loss) available to Unitholders	$ 118,448	$ 96,730	$ 42,328	$ (21,774)	$ 33,101	$ (11,692)
EARNINGS PER UNIT (2):						
Income before extraordinary items	$ 1.02	$ 1.08	$ 0.71	$ 0.11	N/A	N/A
Extraordinary items	(0.03)	(0.04)	(0.21)	(0.39)	N/A	N/A
Net income (loss)	$ 0.99	$ 1.04	$ 0.50	$ (0.28)	N/A	N/A
Distributions per Unit(3)	$ 1.63	$ 1.97	$ 1.90	--	N/A	N/A
Weighted average Units outstanding	120,182	92,666	84,509	78,447	N/A	N/A
BALANCE SHEET DATA:						
Investment properties, net	$ 5,021,949	$ 2,009,344	$ 1,829,111	$ 1,350,360		$ 1,156,009
Cash and cash equivalents	64,309	62,721	105,139	110,625	N/A	42,682
Total assets	5,895,910	2,556,436	2,316,860	1,793,654	N/A	1,494,289
Mortgages and other notes payable	3,681,984	1,980,759	1,938,091	1,455,884	N/A	1,711,778
Limited Partners' interest (4)	--	908,764	909,306	843,373		--
Partners'/Owners' equity (deficit)	$ 1,945,174	$ (589,126)	$ (807,613)	$ (791,820)	N/A	$ (565,566)
OTHER DATA:						
Cash flow provided by (used in):						
Operating activities	$ 236,464	$ 194,336	$ 128,023	N/A	N/A	N/A
Investing activities	(199,742)	(222,679)	(266,772)	N/A	N/A	N/A
Financing activities	(35,134)	(14,075)	133,263	N/A	N/A	N/A
Funds from Operations (FFO) (5)	$ 281,495	$ 197,909	$ 167,761	N/A	N/A	N/A

NOTES

(1) NOTE 3 TO THE ACCOMPANYING FINANCIAL STATEMENTS DESCRIBES THE MERGER, WHICH OCCURRED ON AUGUST 9, 1996, AND THE 1996, 1995 AND 1994 REAL ESTATE ACQUISITIONS AND DEVELOPMENT.

(2) PER UNIT DATA IS REFLECTED ONLY FOR THE OPERATING PARTNERSHIP, BECAUSE THE HISTORICAL COMBINED FINANCIAL STATEMENTS OF THE PREDECESSOR ARE A COMBINED PRESENTATION OF PARTNERSHIPS AND CORPORATIONS.

(3) REPRESENTS DISTRIBUTIONS DECLARED IN 1996, WHICH INCLUDES A DISTRIBUTION OF $0.1515 PER UNIT DECLARED ON AUGUST 9, 1996, IN CONNECTION WITH THE MERGER, DESIGNATED TO ALIGN THE TIME PERIODS OF DISTRIBUTIONS OF THE MERGED ENTITIES. ON JANUARY 23, 1997, THE OPERATING PARTNERSHIP DECLARED A DISTRIBUTION OF $0.4925 PER UNIT PAYABLE ON FEBRUARY 21, 1997 TO UNITHOLDERS OF RECORD ON FEBRUARY 7, 1997. THE CURRENT ANNUAL DISTRIBUTION RATE IS $1.97 PER UNIT.

(4) SEE NOTE 9 FOR DISCUSSION REGARDING THE ACCOUNTING FOR LIMITED PARTNERS' INTEREST.

(5) PLEASE REFER TO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR A DEFINITION OF FUNDS FROM OPERATIONS.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Selected Financial Data, and all of the financial statements and notes thereto included elsewhere herein. Certain statements made in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Operating Partnership to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, which will, among other things, affect demand for retail space or retail goods, availability and creditworthiness of prospective tenants, lease rents and the terms and availability of financing; adverse changes in the real estate markets including, among other things, competition with other companies and technology; risks of real estate development and acquisition; governmental actions and initiatives; and environmental/safety requirements.

OVERVIEW

The financial results reported reflect the merger completed on August 9, 1996 (the "Merger") of Simon Property Group, Inc. and DeBartolo Realty Corporation ("DRC"), in accordance with the purchase method of accounting utilized to record the transaction valued at $3.0 billion. The Merger resulted in the addition of 49 regional malls, 11 community centers and one mixed-use property. These properties included 47,052,267 square feet of retail space gross leasable area ("GLA") and 558,636 of office GLA. Of these properties, 40 regional malls, 10 community centers and the mixed-use property are being accounted for using the consolidated method of accounting. The remaining properties are being accounted for using the equity method of accounting, with the exception of West Town Mall, which is accounted for using the cost method of accounting.

In addition, the Operating Partnership acquired several other properties through purchase, acquisition and merger throughout the comparative periods and, as result of changes in controlling interest, changed the way it accounted for several properties (using either the consolidated method of accounting or the equity method of accounting for noncontrolled joint venture entities) (the "Property Transactions"). The following is a listing of such transactions. Effective April 1, 1994, the Operating Partnership began including The Forum Shops at Caesars ("Forum") as a consolidated property due to the Operating Partnership's ability to demonstrate control. On September 1, 1994, the Operating Partnership consolidated 15 properties as a result of the merger of MSA Realty Corporation into the Company (the "MSAR Merger"). During December 1994, the Operating Partnership acquired a 100% interest in Independence Center, Orange Park Mall, Broadway Square and University Mall (Florida). On February 23, 1995, the Operating Partnership acquired an additional 50% interest in White Oaks Mall and began accounting for the property using the consolidated method of accounting. On August 1, 1995, the Operating Partnership purchased the remaining 50% ownership in Crossroads Mall and subsequently began accounting for the property using the consolidated method of accounting. On September 25, 1995, the Operating Partnership acquired the remaining 55% ownership in East Towne Mall and subsequently began accounting for the property using the consolidated method of accounting. On April 11, 1996, the Operating Partnership acquired the remaining 50% economic ownership interest in Ross Park Mall and subsequently began accounting for the property using the consolidated method of accounting. (See the "Liquidity and Capital Resources" discussion for additional information regarding these transactions.)

RESULTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1996 VS. YEAR ENDED DECEMBER 31, 1995

Total revenue increased $194.0 million, or 35.0%, in 1996 as compared to 1995. Of this increase, $155.7 million and $37.7 million are attributable to the Merger and the Property Transactions, respectively. The remaining increase includes net increases in minimum rent, lease settlements and miscellaneous income of $9.3 million, $1.8 million and $2.3 million, respectively, partially offset by a net decrease in tenant reimbursements of $11.8 million. The minimum rent increase results from increases of $1.50 and $0.36 in average base minimum rents per square foot for regional mall stores and community shopping centers, respectively. Regional mall store leases executed during 1996 were $4.86 per square foot greater than leases expiring; community shopping center leases were $2.02 greater.

Total operating expenses increased $113.7 million, or 37.6%, in 1996 as compared to 1995. Of this increase, $85.1 million and $18.6 million are the result of the Merger (including $7.2 million of integration costs) and the Property Transactions, respectively. The remaining $10.0 million increase is primarily the result of a net increase in depreciation and amortization ($8.9 million).

Interest expense increased $52.0 million, or 34.6%, to $202.2 million for 1996 as compared to $150.2 million for 1995. Of this increase, $41.1 million and $15.4 million are attributable to the Merger and the Property Transactions, respectively. In addition, the Operating Partnership realized incremental interest expenses in 1996 related to borrowings used to acquire additional ownership interests in and/or make equity investments in unconsolidated joint venture properties of $4.9 million. Offsetting these increases were interest savings realized as a result of restructuring the Operating Partnership's credit facilities, from the proceeds of the Company's 6,000,000 common share offering on April 19, 1995, and from the proceeds of the Series A preferred stock offering and a portion ($34.4 million) of the proceeds of the Series B preferred stock offering, which were used to paydown debt (described under "Financing and Debt").

Income (loss) from unconsolidated entities increased from $1.4 million in 1995 to $9.5 million in 1996, primarily resulting from an increase in the Operating Partnership's share of the Management Company income ($9.2 million), partially offset by a decrease in its share of income from partnerships and joint ventures ($1.1 million). The increase in Management Company income is primarily the result of the Merger ($4.4 million) and the Management Company's losses in 1995 related to the settlement of a mortgage receivable ($3.9 million) and the liquidation of a partnership investment ($1.0 million).

Extraordinary items of $3.5 million in 1996 and $3.3 million in 1995 result from costs associated with the refinancing or early extinguishment of debt.

Net income of the Operating Partnership increased from $98.2 million in 1995 to $131.1 million in 1996, an increase of $32.9 million, for the reasons discussed above, and was allocated to the Company after considering the Preferred Unit requirement based on the Company's Partnership interest during the period.

Preferred Unit requirement increased by $11.2 million in 1996 as a result of the Company's issuance of $100 million of 8 1/8% Series A convertible preferred stock on October 27, 1995, and $200 million of 8 3/4% Series B cumulative redeemable preferred stock on September 27, 1996. The proceeds were contributed to the Operating Partnership in exchange for Preferred Units with terms identical to the preferred stock issued by the Company.

YEAR ENDED DECEMBER 31, 1995 VS. YEAR ENDED DECEMBER 31, 1994

Total revenue increased $80.0 million, or 16.9%, in 1995. Of this increase, $72.8 million is attributable to the 1995 Property Transactions, and the full-year impact in 1995 of the 1994 Property Transactions. The remaining increase is primarily the result of an increase in minimum rent revenue resulting from increases of $1.25 and $0.18 in average base minimum rents per square foot for regional mall stores and community shopping centers as evidenced by leasing spreads for regional mall store and community shopping center leases executed during 1995 over those leases expiring in 1995 of $5.38 and $1.22 per square foot, respectively. These increases are partially offset by a decrease in overage rent resulting primarily from static sales in the portfolio and a decline of $1.8 million in overage rent at Texas border properties due to the devaluation of the Mexican peso. Management expects these properties to return to their prior performance level, as they have done historically after previous peso devaluations.

Total operating expenses increased $43.1 million, or 16.6%, in 1995. Of this increase, $37.9 million, or 87.9%, is the result of the Property Transactions. Other than increases from the Property Transactions, total operating expenses experienced an increase of only 2.0%, attributable to increased depreciation and amortization derived from an increase in investment properties.

Interest expense, excluding prior year nonrecurring interest expense, increased a net of $27.2 million, or 22.2%, to $150.2 million for 1995 as compared to $123.0 million for 1994. Of this increase, $26.5 million, or 97.4% is the result of the Property Transactions. Interest savings were realized as a result of restructuring the Operating Partnership's credit facilities and from the proceeds of the Company's 6,000,000 common share offering on April 19, 1995.

The net gain on the sale of assets in 1995 resulted from a gain of $2.4 million on the sale of a minority partnership interest in land previously held for development in Denver, Colorado, partially offset by a loss of $0.5 million on the sale of an equity investment in Arborland Mall.

Income (loss) from unconsolidated entities increased from a loss of $0.1 million in 1994 to income of $1.4 million in 1995, resulting from an increase in the Operating Partnership's share of income from partnerships and joint ventures, partially offset by an increase in its share of losses of the Management Company. The Operating Partnership's share of income from partnerships and joint ventures improved $4.1 million from $1.0 million in 1994 to $5.1 million in 1995. This increase is primarily attributable to gains from sales of peripheral property ($3.4 million) and the change to accounting for North East Mall using the equity method of accounting ($1.7 million). The Operating Partnership's share of the Management Company's results declined $2.6 million from an allocated net loss of $1.1 million for 1994 to an allocated net loss of $3.7 million for 1995. This decrease is the result of the Management Company's losses related to the settlement of a mortgage receivable and the liquidation of a partnership investment in 1995, partially offset by a $1.6 million increase in the Management Company's operating income.

Extraordinary items of $3.3 million in 1995 and $18.0 million in 1994 result from costs associated with the refinancing of debt.

Net income of the Operating Partnership after extraordinary items increased from $42.3 million for 1994 to $98.2 million for 1995, an increase of $55.9 million, for the reasons discussed above, and was allocated to the Company after considering the Preferred Unit requirement based on the Company's Partnership interest during the period.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 1996, the Operating Partnership's balance of unrestricted cash and cash equivalents was $64.3 million. In addition to its cash balance, the Operating Partnership has a $750 million unsecured revolving credit facility which had $510 million available after outstanding borrowings and letters of credit at December 31, 1996. As discussed below under "Financing and Debt," the Operating Partnership also has access to debt markets through various shelf registrations.

FINANCING AND DEBT. The Operating Partnership's ratio of debt-to-market capitalization was 41.5% and 44.9% at December 31, 1996 and 1995, respectively.

On April 11, 1996, the Operating Partnership drew $115 million on its revolving credit facility. The funds were used primarily to finance the acquisition of the remaining economic ownership interest in Ross Park Mall ($44 million) and to retire a portion of the property's debt ($54 million).

On June 28, 1996, the Operating Partnership obtained an additional $200 million unsecured revolving credit facility. The facility bore interest at LIBOR plus 132.5 basis points and had a maturity date of August 1998. Terms for the facility were identical to the existing revolving credit facility.

On August 9, 1996, in connection with the Merger, the Operating Partnership assumed consolidated mortgages and notes payable valued at approximately $955.7 million, a securitized debt financing (see below) of $463.7 million and $112.0 million of credit line debt and received $57.5 million in unrestricted cash and cash equivalents from DRC (the acquired company). As required by purchase accounting, the debt assumed in the Merger was reflected at current value.

The Operating Partnership is in default on a loan where the property's cash flow is insufficient to service the $40.7 million loan (of which $6.6 million is guaranteed and $34.1 million is nonrecourse). The property and its related debt were assumed during the Merger. The Operating Partnership is continuing negotiations with the lender.

The Operating Partnership holds securitized debt financing (the "Securitized Debt Financing") in the face amount of $453.5 million at December

31, 1996. The debt is secured by assets of 17 of the wholly-owned properties. The debt's commercial mortgage pass-through certificate covenants require the affiliate to fund into escrow reserves for renovations, repairs and maintenance and tenant allowances and to maintain minimum debt service coverage ratios (as defined) and other restrictive covenants. The affiliate has obtained an extension to the cure period for failing to comply with the covenants related to one of the properties. The lack of compliance and cure provisions relate solely to the individual property and not to the remaining properties in the Securitized Debt Financing pool. Management intends to complete any required changes within the extended cure period, which is expected to be extended until December 1998.

On September 10, 1996, the DRC secured line of credit, which bore interest at LIBOR plus 175 basis points, was retired with proceeds from Simon Property Group, L.P.'s ("SPG, LP") two unsecured credit facilities.

On September 27, 1996, the Company completed a $200 million public offering (the "Preferred Offering") of 8,000,000 shares of 8 3/4% Series B cumulative redeemable preferred stock, generating net proceeds of approximately $193 million. The Company contributed the proceeds of such offering to the Operating Partnership, in exchange for Preferred Units in the Operating Partnership. The Operating Partnership used the net proceeds to repay $142.8 million of outstanding mortgage indebtedness and $34.4 million under SPG, LP's two unsecured credit facilities, $12.1 million for the acquisition of the remaining ownership of North East Mall in Hurst, Texas, and the remainder for working capital.

Also on September 27, 1996, the Operating Partnership obtained a $750 million unsecured three-year credit facility (the "Credit Facility"), with a one-year extension at the option of the Operating Partnership, which initially bears interest at LIBOR plus 90 basis points, and retired the outstanding borrowings of SPG, LP in the aggregate principal amount of $323 million under SPG, LP's two unsecured credit facilities, which bore interest at LIBOR plus 132.5 basis points. In addition, the Credit Facility contains a $150.0 million competitive bid feature, which can further reduce interest costs. The Credit Facility increased the Operating Partnership's available capital by $150 million. SDG, LP and SPG, LP are co-borrowers under this credit facility.

On November 21, 1996, the Securities and Exchange Commission declared effective a shelf registration statement filed by the Operating Partnership to provide for the offering, from time to time, of up to $750 million in aggregate principal amount of nonconvertible investment-grade unsecured debt securities (the "Notes") of the Operating Partnership. The Notes issuable by SDG, LP are guaranteed by SPG, LP. On November 26, 1996, the Operating Partnership completed the sale of $250 million of Notes. The Notes bear interest semiannually at 6.875% and mature on November 15, 2006. The net proceeds of $247.5 million were used primarily to reduce the Operating Partnership's overall interest rates by retiring a $62 million mortgage loan on Boynton Beach Mall, construction loan indebtedness of $57 million relating to Cottonwood Mall, $108 million of the outstanding balance on the Credit Facility, with the remainder going into working capital. The Operating Partnership is currently finalizing the allocation of $300 million of this shelf registration to a Medium-Term Note Program, although management has no immediate plans to issue securities under the program.

In addition, SPG, LP has an effective shelf registration for $500 million of nonconvertible investment-grade debt securities. No securities have been issued under this registration statement.

On December 6, 1996, the Operating Partnership completed a $100 million private placement of putable asset trust securities ("PATS"). The PATS bear interest at 6.75% and mature on November 15, 2003. Proceeds from the placement were used to reduce outstanding borrowings on the Credit Facility. The PATS issued by SDG, LP are guaranteed by SPG, LP.

At December 31, 1996, the Operating Partnership had consolidated debt of $3,682.0 million, of which $2,804.7 million is fixed-rate debt and $877.3 million is variable-rate debt. As of December 31, 1996, the Operating Partnership had interest rate protection agreements related to $524.6 million of variable-rate debt, of which $130.5 million expires in April 1997.

On January 31, 1997, the Operating Partnership completed a refinancing transaction involving debt on four consolidated properties. The transaction consisted of the payoff of one loan totaling $43.4 million, the buyout of the contingent interest feature on the remaining three loans for $21 million, a principal reduction of $3.9 million to be applied to two of the properties, and a restatement of the interest amount on the three remaining loans. This transaction was funded using the Credit Facility.

Scheduled principal payments of mortgage indebtedness over the next five years is $1,948.9 million, with $1,720.6 million thereafter.

ACQUISITION ACTIVITY. Prior to April 11, 1996, the Operating Partnership held a 50% joint venture interest in Ross Park Mall in Pittsburgh, Pennsylvania. On April 11, 1996, the Operating Partnership acquired the remaining economic ownership interest. The purchase price included approximately $44.0 million in cash and the assumption of the joint venture partner's share of existing debt ($57.0 million). The purchase price in excess of the net assets acquired of $49.1 million was allocated to investment properties. Effective April 11, 1996, the property is being accounted for using the consolidated method of accounting. It was previously accounted for using the equity method of accounting. In addition, the remaining 11% ownership in Ross Park Mall was acquired by the Operating Partnership on January 21, 1997.

As described earlier, on August 9, 1996, the Company acquired the national shopping center business of DRC. Pursuant to the Merger, the Company acquired all the outstanding common stock of DRC (55,712,529 shares), at an exchange ratio of 0.68 shares of the Company's common stock for each share of DRC common stock (the "Exchange Ratio"). A total of 37,873,965 shares of the Company's common stock was issued by the Company to the DRC shareholders. DRC and the acquisition subsidiary merged. DRC became a 99.9% subsidiary of the Company. This portion of the transaction was valued at approximately $923.2 million, based upon the number of DRC shares of common stock acquired (55,712,529), the Exchange Ratio and the last reported sales price of the Company's common stock on August 9, 1996 ($24.375). In connection therewith, SPG changed its name to Simon DeBartolo Group, Inc. and DRC changed its name to SD Property Group, Inc.

In connection with the Merger, the general and limited partners of SPG, LP contributed 49.5% (47,442,212 Units of partnership interest) of the total outstanding Units of partnership interest ("Units") in SPG, LP to the operating partnership of DRC, DeBartolo Realty Partnership, L.P. ("DRP, LP"), in exchange for 47,442,212 Units of partnership interest in DRP, LP, whose name was changed to Simon DeBartolo Group, L.P. ("SDG, LP"). The Company retained a 50.5% partnership interest (48,400,614 Units) in SPG, LP but assigned its rights to receive distributions of profits on 49.5% (47,442,212 Units) of the outstanding Units of partnership interest in SPG, LP to SDG, LP. The limited partners of DRP, LP approved the contribution made by the partners of SPG, LP and simultaneously exchanged their 38.0% (34,203,623 Units) partnership interest in DRP, LP, adjusted for the Exchange Ratio, for a smaller partnership interest in SDG, LP. The exchange of the limited partners' 38.0% partnership interest in DRP, LP for Units of SDG, LP has been accounted for as an acquisition of minority interest by the Company and is valued based on the estimated fair value of the consideration issued (approximately $566.9 million). The Units of SDG, LP may under certain circumstances be exchangeable for common stock of the Company on a one-for-one basis. Therefore, the value of the acquisition of the DRP, LP limited partners' interest acquired was based upon the number of DRP, LP Units exchanged (34,203,623), the Exchange Ratio and the last reported sales price per share of the Company's common stock on August 9, 1996 ($24.375). The limited partners of SPG, LP received a 23.7% partnership interest in SDG, LP (37,282,628 Units) for the contribution of their 38.9% partnership interest in SPG, LP (37,282,628 Units) to SDG, LP. The interests transferred by the partners of SPG, LP to DRP, LP have been appropriately reflected at historical costs.

It is currently expected that subsequent to the first anniversary of the date of the Merger, reorganizational transactions will be effected so that SDG, LP will directly own all of the assets and partnership interests now owned by SPG, LP. However, there can be no assurance that such reorganizational transactions will be so effected.

The Merger resulted in the addition of 49 regional malls, 11 community centers and 1 mixed-use property. These properties included 47,052,267 square feet of retail space GLA and 558,636 of office GLA. Of these properties, 40 regional malls, 10 community centers and the mixed-use property are being accounted for using the consolidated method of accounting. The remaining properties are being accounted for using the equity method of accounting, with the exception of West Town Mall, which is accounted for using the cost method of accounting.

Prior to October 4, 1996, the Operating Partnership held a 50% joint venture interest in North East Mall in Hurst, Texas. On October 4, 1996, in connection with the settlement of certain outstanding litigation, the Operating Partnership acquired for cash an additional 20% limited partnership interest in North East Mall. At the same time, the Operating Partnership exercised its option to acquire the remaining 30% limited partnership interest in North East Mall owned by Melvin Simon, Herbert Simon and certain of their affiliates (collectively, the "Simons") in exchange for 472,410 Units in the Operating Partnership, as well as the Simons' 50% general partnership interest which the Operating Partnership acquired for nominal consideration. The Simons had previously contributed the right to receive distributions relating to its 50% general partnership interest to the Operating Partnership in exchange for Units. As a result of these transactions, the Operating Partnership owns 100% of North East Mall and accounts for it using the consolidated method of accounting.

See Note 3 to the consolidated financial statements for details of 1995 and 1994 acquisition activity.

DEVELOPMENT ACTIVITY. Development activities are an ongoing part of the Operating Partnership's business. The Operating Partnership opened two new regional malls, one specialty retail center and one value-oriented super-regional mall during 1996. The new regional malls include the 1.0 million square foot Cottonwood Mall in Albuquerque, New Mexico, which opened on July 31, and the 800,000 square foot Indian River Mall, which opened in Vero Beach, Florida, on November 15. The new specialty retail center is the 60,000 square foot Tower Shops in Las Vegas, Nevada, which opened in November. The value-oriented super-regional mall is the 1.3 million square foot Ontario Mills, which opened in Ontario, California, on November 14. In addition, Indian River Commons, a 265,000 square foot community shopping center opened in March 1997, in Vero Beach, Florida. Other than Cottonwood Mall, which is wholly-owned and accounted for using the consolidated method of accounting, the Operating Partnership has joint venture partners on each of the projects recently opened and accounts for them using the equity method of accounting.

Construction also continues on the following projects:

- The Source, a 730,000 square foot value-oriented retail and entertainment development project in Westbury (Long Island), New York, is expected to open in August 1997. This new $150 million development will adjoin an existing Fortunoff store. The Operating Partnership has a total equity investment of $25.3 million in this 50%-owned joint venture project. Construction financing of $120 million closed on this property in July 1996. The loan initially bears interest at LIBOR plus 170 basis points and matures on July 16, 1999.

- Arizona Mills, a 1,230,000 square foot retail development project in Tempe, Arizona, broke ground on August 1, 1996. This $184 million value-oriented super-regional mall is expected to open in November 1997. In January 1997, the joint venture closed on a five-year $145 million construction loan with interest at LIBOR plus 150 basis points. The Operating Partnership had an $13.5 million equity investment through December 31, 1996 and a 25% ownership interest in this joint venture development.

- Grapevine Mills, a 1,480,000 square foot retail development project in Grapevine (Dallas/Fort Worth), Texas, broke ground on July 10, 1996. This $202 million value-oriented super-regional mall development project is expected to open in October 1997. A commitment has been obtained for a four-year $157 million construction loan (plus a one-year extension) with an initial interest rate of LIBOR plus 165 basis points. The Operating Partnership has a $14 million equity commitment on this 37.5%-owned joint venture project, and advanced its initial contribution of $7.9 million in January 1997.

- The Shops at Sunset Place, a destination-oriented retail and entertainment project containing approximately 500,000 square feet of GLA is scheduled to open in 1998 in South Miami, Florida. The Operating Partnership owns 75% of this $143 million project. The Operating Partnership expects to have construction financing for the majority of the development costs of this project in place during the second quarter of 1997.

In addition, the Operating Partnership is in the preconstruction development phase on two new community center projects, each of which is immediately adjacent to an existing regional mall in the portfolio. Lakeline Plaza, an approximately $39 million development, is scheduled to open in Austin, Texas, in 1998. The Operating Partnership has a 50% ownership interest in this 391,000 square foot joint venture development project. Muncie Plaza, a $16 million development project, is scheduled to open in Muncie, Indiana, in 1998. This 200,000 square foot development project is wholly-owned.

STRATEGIC EXPANSIONS AND RENOVATIONS. A key objective of the Operating Partnership is to increase the profitability and market share of its portfolio properties through the completion of strategic renovations and expansions. In 1996, the Operating Partnership completed construction and opened eight expansion and/or renovation projects; Greenwood Plus in Greenwood, Indiana; Muncie Mall in Muncie, Indiana; Summit Mall in Akron, Ohio; University Park Mall in South Bend, Indiana; College Mall in Bloomington, Indiana; Century III Mall in Pittsburgh, Pennsylvania; Coral Square in Coral Springs, Florida; and The Florida Mall in Orlando, Florida.

The Operating Partnership currently has three major expansion projects under construction, and is in the preconstruction development stage with two additional major expansion projects. The aggregate cost of the projects is approximately $530 million.

- A 235,000 square foot phase II expansion of Forum in Las Vegas, in which the Operating Partnership has a 55% ownership interest, is scheduled to open in August 1997. The costs of the phase II project are being funded with a portion of the $184 million two-tranche financing facility which closed on February 23, 1996. The loan bears interest on a weighted average basis at LIBOR plus 137 basis points and matures in February 2000.

- A 255,000 square foot small shop expansion of Aventura Mall in Miami, Florida, is scheduled to open in December 1997. The Operating Partnership has a 33% ownership interest in this project.

- A 180,000 square foot small shop expansion of The Florida Mall in Orlando, Florida, as well as the addition of Burdines is scheduled for completion in the winter of 1998. Dillard's, Gayfers, JCPenney, and Sears are also expanding. The Operating Partnership has a 50% ownership interest in this project.

- A 130,000 square foot small shop expansion of Mission Viejo Mall, in Mission Viejo, California, is underway along. This project also includes the addition of Nordstrom and another department store and a new food court, plus the expansion of Macy's. It is scheduled for completion in 1999.

- A 200,000 square foot small shop expansion of North East Mall, in Hurst, Texas, also includes a renovation and is scheduled for completion in 1999. The addition of Nordstrom and another department store and a second level of small shops is part of this project as well.

The Operating Partnership has a number of smaller renovation and/or expansion projects currently under construction including the following, aggregating approximately $120 million:

Expected Date of Completion	Property Name	Property Location
March 1997	Smith Haven Mall	Lake Grove (Long Island), NY
April 1997	St. Charles Towne Center	Waldorf (Washington, D.C.), MD
July 1997	Lafayette Square	Indianapolis, IN
August 1997	Orange Park Mall	Jacksonville, FL
October 1997	Alton Square	Alton, IL
November 1997	Chautauqua Mall	Jamestown, NY
November 1997	East Towne Mall	Knoxville, TN
November 1997	Southern Park Mall	Youngstown, OH
November 1997	Richmond Square	Richmond, IN
November 1997	Northgate Mall	Seattle, WA
March 1998	West Town Mall	Knoxville, TN

Preconstruction development continues on a number of project expansions, renovations, and anchor additions at a number of other properties as well. The Operating Partnership expects to commence construction on many of these projects in next 12 to 24 months.

In addition, preconstruction development continues on a number of project expansions, renovations and anchor additions at additional properties. The Operating Partnership expects to commence construction on many of these projects in the next 12 to 24 months.

It is anticipated that these projects will be financed principally with access to debt and equity markets, existing corporate credit facilities and cash flow from operations.

CAPITAL EXPENDITURES. Capital expenditures were $267.5 million, $135.4 million and $252.5 million for the periods ended December 31, 1996, 1995 and 1994, respectively.

	1996	1995	1994
New Developments	$ 80.1	$ 29.7	$ 2.9
Renovations and Expansions	86.3	38.9	22.7
Tenant Allowances--Retail	24.0	17.2	10.1
Tenant Allowances--Offices	6.1	4.3	2.5
Capital Expenditures Recoverable from Tenants	11.4	8.0	3.2
Acquisitions	56.1	32.5	205.2
Other	3.5	4.8	5.9
Total	$ 267.5	$ 135.4	$ 252.5

DISTRIBUTIONS. The Operating Partnership declared distributions in 1996 and 1995 aggregating $1.63 per Unit and 1.97 per Unit, respectively. The 1996 distribution included a distribution of $0.1515 per Unit on August 9, 1996, in connection with the Merger, designated to align the time periods of distribution payments of the merged entities. On January 23, 1997, the Operating Partnership declared a distribution of $0.4925 per Unit payable on February 21, 1997, to Unitholders of record on February 7, 1997. The current annual distribution rate is $1.97 per Unit. For federal income tax purposes, 64% of the 1996 distributions and 25% of the 1995 distributions represented a return of capital. Future distributions will be determined based on actual results of operations and cash available for distribution.

CAPITAL RESOURCES. Management anticipates that cash generated from operating performance will provide the necessary funds on a short- and long-term basis for its operating expenses, interest expense on outstanding indebtedness, recurring capital expenditures, and distributions to Unit holders. Sources of capital for nonrecurring capital expenditures, such as major building renovations and expansions, as well as for scheduled principal payments, including balloon payments, on outstanding indebtedness are expected to be obtained from: (i) excess cash generated from operating performance; (ii) working capital reserves; (iii) additional debt financing; and (iv) additional equity raised in the public markets by the Company.

Management continues to actively review and evaluate a number of individual property and portfolio acquisition opportunities. Management believes that funds on hand, amounts available under the Credit Facility, together with the ability of the Company to issue shares of common stock and/or Units by the Operating Partnership, provide the means to finance certain acquisitions. No assurance can be given that the Operating Partnership will not be required to, or will not elect to, even if not required to, obtain funds from outside sources, including through the sale of debt or equity securities, to finance significant acquisitions, if any.

INVESTING AND FINANCING ACTIVITIES. Cash used in investing activities for the year ended December 31, 1996, was $199.7 million, including approximately $44 million for the acquisition of the remaining economic ownership interest in Ross Park Mall; $12.1 million for the acquisition of the remaining ownership of North East Mall in Hurst, Texas; and capital expenditures and development related costs of $195.8 million, including $40.4 million, $34.9 million, $11.1 million and $6.9 million at Cottonwood Mall, Forum, Muncie Mall, and The Shops at Sunset Place, respectively. In addition, advances to unconsolidated joint ventures totaling approximately $62.1 million includes $21.4 million, $15.0 million, $13.5 million and $3.2 million in equity contributions made to The Source, Ontario Mills, Arizona Mills and The Tower Shops, respectively, to fund development activity. These expenditures are partially offset by net cash received from the Merger of $37.1 million, cash received from unconsolidated entities of $75.3 million, including a $28.3 million return of equity from Smith Haven Mall, and $38.6 million of note repayments received from M.S. Management Associates.

Cash used in financing activities for the year ended December 31, 1996 was $35.1 million as compared to $14.1 million in 1995. This increase is primarily the result of an increase in distributions to Unitholders ($79.7 million), and a decrease in contributions from the Company from net proceeds from sales of common and preferred stock ($40.7 million), partially offset by a net increase in mortgage and other note borrowings ($100.7 million). The increase in distributions is primarily the result of distributions and Units issued in connection with the Merger ($30.1 million), special distributions paid in connection with the Merger ($18.4 million), increased distributions paid on the Preferred Units ($14.2 million), and additional Units issued in the comparative periods. Although the timing of distribution was realized, the distribution rate has remained at $1.97 per Unit in both periods. Increased mortgage and other note borrowings are primarily due to increased capital expenditure activities in 1996 as described in investing activities above and an increase in debt paydowns and refinancing by the Company.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION ("EBITDA")

Management believes that there are several important factors that contribute to the ability of the Operating Partnership to increase rent and improve profitability of its shopping centers, including aggregate tenant sales volume, sales per square foot, occupancy levels and tenant costs. Each of these factors has a significant effect on EBITDA. Management believes that EBITDA is an effective measure of shopping center operating performance because: (i) it is industry practice to evaluate real estate properties based on operating income before interest, taxes, depreciation and amortization, which is generally equivalent to EBITDA; and (ii) EBITDA is unaffected by the debt and equity structure of the property owner. EBITDA: (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of the Operating Partnership's operating performance; (iii) is not indicative of cash flows from operating, investing and financing activities; and (iv) is not an alternative to cash flows as a measure of the Operating Partnership's liquidity.

Total EBITDA for the properties owned in whole or through joint ventures (the "Portfolio Properties") increased from $316.5 million in 1992 to $615.3 million in 1996, representing a compound annual growth rate of 14.2%. Of this growth, $111.4 million, or 37.3%, is a result of the Merger. The remaining growth in total EBITDA reflects the addition of GLA to the Portfolio Properties through property acquisitions, developments and expansions, increased rental rates, increased tenant sales, improved occupancy levels and effective control of operating costs. During this period, the operating profit margin increased from 57.6% to 62.5%. This improvement is also primarily attributable to aggressive leasing of new and existing space and effective control of operating costs.

The following summarizes total EBITDA for the Portfolio Properties and the operating profit margin of such properties, which is equal to total EBITDA expressed as a percentage of total revenue:

	FOR THE YEAR ENDED DECEMBER 31,				
	1996	1995	1994	1993	1992
			(In thousands)		
EBITDA of Wholly-Owned and consolidated Joint Venture Properties	$ 467,292	$ 343,875	$ 290,243	$ 244,397	$ 224,170
EBITDA of unconsolidated Joint Venture Properties	148,030	93,673	96,592	102,282	92,365
Total EBITDA of Portfolio Properties (1)	$ 615,322	$ 437,548	$ 386,835	$ 346,679	$ 316,535
EBITDA after minority interest (2)	$ 497,215	$ 357,158	$ 307,372	$ 256,169	$ 227,931
Increase in total EBITDA from prior period	40.6%	13.1%	11.6%	9.5%	12.1%
Increase in EBITDA after minority interest from prior period	39.2%	16.2%	20.0%	12.4%	8.2%
Operating profit margin of the Portfolio Properties (3)	62.5%	63.1%	61.9%	58.6%	57.6%

(1) EBITDA for 1996 includes the acquired properties from the Merger date forward. On a pro forma basis, assuming the Merger had occurred on January 1, 1995, EBITDA would be $805.3 million and $770.7 million in 1996 and 1995, respectively, representing a 4.5% growth.

(2) EBITDA after minority interest represents earnings before interest, taxes, depreciation and amortization for all Properties after distribution to the third-party joint ventures' partners.

(3) The 1996 operating profit margin, excluding the $7.2 million Merger integration costs, is 63.2%.

FUNDS FROM OPERATIONS ("FFO")

FFO, as defined by NAREIT, means the consolidated net income of the Operating Partnership and its subsidiaries without giving effect to real estate related depreciation and amortization, gains or losses from extraordinary items, gains or losses on sales of real estate, gains or losses on investments in marketable securities and any provision/benefit for income taxes for such period, plus the allocable portion, based on the Operating Partnership's ownership interest, of funds from operations of unconsolidated joint ventures, all determined on a consistent basis in accordance with generally accepted accounting principles. Management believes that FFO is an important and widely used measure of the operating performance of REITs which provides a relevant basis for comparison among REITs. FFO is presented to assist investors in analyzing the performance of the Operating Partnership. FFO: (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of the Operating Partnership's operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flows as a measure of the Operating Partnership's liquidity. In March 1995, NAREIT modified its definition of FFO. The modified definition provides that amortization of deferred financing costs and depreciation of nonrental real estate assets are no longer to be added back to net income in arriving at FFO. This modification was adopted by the Operating Partnership beginning in 1996. Additionally the FFO for prior periods has been restated to reflect the modification in order to make the amounts comparative. Under the previous definition, FFO for the years ended December 31, 1995 and 1994, was $208.3 million and $176.4 million, respectively.

The following summarizes FFO of the Operating Partnership and reconciles income before extraordinary items to FFO for the periods presented:

	FOR THE YEAR ENDED DECEMBER 31,		
	1996	1995	1994
(In thousands)			
FFO of the Operating Partnership	$ 281,495	$ 197,909	$ 167,761
Increase in FFO from prior period	42.2%	18.0%	N/A
Reconciliation:			
Income before extraordinary items	$ 134,663	$ 101,505	$ 60,308
Plus:			
Depreciation and amortization from consolidated properties	135,226	92,274	75,663
The Operating Partnership's share of depreciation and amortization from unconsolidated affiliates	20,159	6,466	7,251
Merger integration costs	7,236	--	--
The Operating Partnership's share of (gains) or losses on sales of real estate	(88)	2,054	--
Unusual item	--	--	27,184
Less:			
Minority interest portion of depreciation and amortization	(3,007)	(2,900)	(2,645)
Preferred distributions	(12,694)	(1,490)	--
FFO of the Operating Partnership	$ 281,495	$ 197,909	$ 167,761

PORTFOLIO DATA

Operating statistics give effect to the Merger and are based upon the business and properties of the Operating Partnership and DeBartolo Realty Corporation on a combined basis for all periods presented. The purpose of this presentation is to provide a more comparable set of statistics on the portfolio as a whole. The following statistics exclude Ontario Mills and Charles Towne Square. Ontario Mills is a new value-oriented super-regional mall in a category by itself. The Operating Partnership intends to create a separate reporting category for its Mills Properties in 1997, following the expected openings of Grapevine Mills and Arizona Mills. The Operating Partnership is preparing to demolish the existing Charles Towne Square in order to convert the property into a community center.

AGGREGATE TENANT SALES VOLUME AND SALES PER SQUARE FOOT. From 1993 to 1996, total reported retail sales at mall and freestanding GLA owned by the Operating Partnership ("Owned GLA") in the regional malls and all reporting tenants at community shopping centers increased 9.0% from $7,268 million to $7,921 million, a compound annual growth rate of 2.9%. Retail sales at Owned GLA affect revenue and profitability levels because they determine the amount of minimum rent that can be charged, the percentage rent realized, and the recoverable expenses (common area maintenance, real estate taxes, etc.) the tenants can afford to pay.

The following illustrates the total reported sales of tenants at Owned GLA:

YEAR ENDED DECEMBER 31,	TOTAL TENANT SALES (IN MILLIONS)	ANNUAL PERCENTAGE INCREASE
1996	$7,921	3.6%
1995	7,649	0.5
1994	7,611	4.7
1993	7,268	N/A

Regional mall sales per square foot increased 5.9% in 1996 to $290 as compared to $274 in 1995. In addition, sales per square foot of reporting tenants operating for at least two consecutive years ("Comparable Sales") increased from $278 to $298, or 7.2%, from 1995 to 1996. The Operating Partnership believes its strong sales growth in 1996 is the result of its aggressive retenanting efforts and the redevelopment of many of the Portfolio Properties. Sales per square foot at the community shopping centers decreased in 1996 to $187 as compared to $194 in 1995.

OCCUPANCY LEVELS. Occupancy levels for regional malls decreased slightly from 85.5% at December 31, 1995, to 84.7% at December 31, 1996. Occupancy levels for community shopping centers also decreased, from 93.6% at December 31, 1995, to 91.6% at December 31, 1996. The Operating Partnership believes that occupancy levels have been hampered by the magnitude of retail bankruptcies. Owned GLA has increased 30.2 million square feet from December 31, 1995, to December 31, 1996, primarily as a result of the Merger and the 1996 mall openings.

	Occupancy Levels	
YEAR ENDED DECEMBER 31,	Regional Malls	Community Shopping Centers
1996	84.7%	91.6%
1995	85.5	93.6
1994	85.6	93.9
1993	85.9	N/A

Tenant Occupancy Costs. Tenant occupancy costs as a percentage of sales decreased from 11.6% in 1995 to 11.4% in 1996 in the regional mall portfolio. A tenant's ability to pay rent is affected by the percentage of its sales represented by occupancy costs, which consist of rent and expense recoveries. As sales levels increase, if expenses subject to recovery are controlled, the tenant can pay higher rent. Management believes the Operating Partnership is one of the lowest-cost providers of retail space, which has permitted the rents in both regional malls and community shopping centers to increase without raising a tenant's total occupancy cost beyond its ability to pay. Management believes continuing efforts to increase sales while controlling property operating expenses will continue the trend of increasing rents at the Properties.

AVERAGE BASE RENTS. Average base rents per square foot of mall and freestanding Owned GLA at regional malls increased 16.8%, from $17.70 in 1993 to $20.68 in 1996. In community shopping centers, average base rents of Owned GLA increased 7.4%, from $7.12 in 1994 to $7.65 in 1996.

The following highlights this trend:

YEAR ENDED DECEMBER 31,	Average Base Rent per Square Foot: Mall and Freestanding Stores at Regional Malls	% Change	Community Shopping Centers	% Change
1996	$20.68	7.8%	$7.65	4.9%
1995	19.18	4.4	7.29	2.4
1994	18.37	3.8	7.12	N/A
1993	17.70	5.0	N/A	N/A

INFLATION

Inflation has remained relatively low during the past four years and has had a minimal impact on the operating performance of the Properties. Nonetheless, substantially all of the tenants' leases contain provisions designed to lessen the impact of inflation. Such provisions include clauses enabling the Operating Partnership to receive percentage rentals based on tenants' gross sales, which generally increase as prices rise, and/or escalation clauses, which generally increase rental rates during the terms of the leases. In addition, many of the leases are for terms of less than ten years, which may enable the Operating Partnership to replace existing leases with new leases at higher base and/or percentage rentals if rents of the existing leases are below the then-existing market rate. Substantially all of the leases, other than those for anchors, require the tenants to pay a proportionate share of operating expenses, including common area maintenance, real estate taxes and insurance, thereby reducing the Operating Partnership's exposure to increases in costs and operating expenses resulting from inflation.

However, inflation may have a negative impact on some of the Operating Partnership's other operating items. Interest and general and administrative expenses may be adversely affected by inflation as these specified costs could increase at a rate higher than rents. Also, for tenant leases with stated rent increases, inflation may have a negative effect as the stated rent increases in these leases could be lower than the increase in inflation at any given time.

OTHER

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 of the above, earnings are generally highest in the fourth quarter of each year.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the Index to Financial Statements contained in Item 14.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The Company is a general partner of SDG, LP and sole general partner of SPG, LP. SD Property Group, Inc., a majority owned subsidiary of the Company, is the managing general partner of SPG, LP. The information required by this item is incorporated herein by reference to the Company's definitive Proxy Statement for its annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A and is included under the caption "EXECUTIVE OFFICERS OF THE REGISTRANT" in Part I hereof.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the Company's definitive Proxy Statement for its annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A.

ITEM 12. SECURITY OWNERSHIP PF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated herein by reference to the Company's definitive Proxy Statement for its annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated herein by reference to the Company's definitive Proxy Statement for its annual meeting of shareholders to be filed with the Commission pursuant to Regulation 14A.

Part IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENTS, SCHEDULES AND REPORTS ON FORM 8-K

(a)	(1) FINANCIAL STATEMENTS	Page No.
	SIMON DEBARTOLO GROUP, L.P.	
	Report of Independent Public Accountants	40
	Simon DeBartolo Group, L.P. Consolidated Balance Sheets as of December 31, 1996 and 1995	41
	Simon DeBartolo Group, L.P. Consolidated Statements of Operations for the years ended December 31, 1996, 1995 and 1994	42
	Simon DeBartolo Group, L.P. Consolidated Statements of Changes in Partners' Equity for the years ended December 31, 1996, 1995 and 1994	43
	Simon DeBartolo Group, L.P. Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994	44
	Notes to Financial Statements	45
	SIMON PROPERTY GROUP, L.P. (GUARANTOR)	
	Report of Independent Public Accountants	40
	Simon Property Group, L.P. Consolidated Balance Sheets as of December 31, 1996 and 1995	41
	Simon Property Group, L.P. Consolidated Statements of Operations for the years ended December 31, 1996, 1995 and 1994	42
	Simon Property Group, L.P. Consolidated Statements of Changes in Partners' Equity (Deficit) for the years ended December 31, 1996, 1995 and 1994	43
	Simon Property Group, L.P. Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994	44
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	(2) FINANCIAL STATEMENT SCHEDULES	
	Report of Independent Public Accountants	70
	Schedule III-- Schedule of Real Estate and Accumulated Depreciation	71
	Notes to Schedule III	74
	(3) EXHIBITS	
	The Exhibit Index attached hereto is hereby incorporated by reference to this Item.	75
(b)	REPORTS ON FORM 8-K	
	None.	

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To
Simon DeBartolo Group, Inc.:

We have audited the accompanying consolidated balance sheets of SIMON DeBARTOLO GROUP, L.P. (a Delaware limited partnership) and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, partners' equity (deficit) and cash flows for the years ended December 31, 1996, 1995 and 1994. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Simon DeBartolo Group, L.P. and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for the years ended December 31, 1996, 1995 and 1994, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana
February 18, 1997

BALANCE SHEETS
SIMON DEBARTOLO GROUP, L.P. CONSOLIDATED

(Dollars in thousands, except per unit amounts)

	December 31, 1996	December 31, 1995
ASSETS:		
Investment properties, at cost	$ 5,301,021	$ 2,162,161
Less-- accumulated depreciation	279,072	152,817
	5,021,949	2,009,344
Cash and cash equivalents	64,309	62,721
Restricted cash	6,110	--
Tenant receivables and accrued revenue, net	166,119	144,400
Notes receivable from Management Company and affiliate	75,452	102,522
Investment in partnerships and joint ventures, at equity	394,409	117,332
Deferred costs, net	91,925	81,398
Other assets	46,567	30,985
Minority interest	29,070	7,734
Total assets	$ 5,895,910	$ 2,556,436
LIABILITIES:		
Mortgages and other notes payable	$ 3,681,984	$ 1,980,759
Accounts payable and accrued expenses	170,203	113,131
Accrued distributions	--	48,594
Cash distributions and losses in partnerships and joint ventures, at equity	17,106	54,120
Investment in Management Company and affiliates	8,567	20,612
Other liabilities	72,876	19,582
Total liabilities	3,950,736	2,236,798
COMMITMENTS AND CONTINGENCIES (Note 13)		
LIMITED PARTNERS' EQUITY INTEREST, 0 and 37,282,628 units outstanding, respectively, at redemption value (Note 10)	--	908,764
PARTNERS' EQUITY:		
Preferred units, 12,000,000 and 4,000,000 units outstanding, respectively	292,912	99,923
General Partner, 96,880,415 and 55,360,195 units outstanding, respectively	1,017,333	135,710
Limited Partner, 60,974,050 and 0 units outstanding, respectively	640,283	--
Adjustment to reflect Limited Partners' equity interest at redemption value (Note 10)	--	(822,072)
Unamortized restricted stock award	(5,354)	(2,687)
Total partners' equity	(1,945,174)	(589,126)
Total liabilities and partners' equity	$ 5,895,910	$ 2,556,436

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF OPERATIONS
SIMON DEBARTOLO GROUP, L.P. CONSOLIDATED

(Dollars in thousands, except per unit amounts)

	For the Year Ended December 31,		
	1996	1995	1994
REVENUE:			
Minimum rent	$ 438,089	$ 307,857	$ 255,716
Overage rent	30,810	23,278	25,463
Tenant reimbursements	233,974	192,994	163,588
Other income	44,831	29,528	28,909
Total revenue	747,704	553,657	473,676
EXPENSES:			
Property operating	122,796	96,851	85,672
Depreciation and amortization	135,780	92,739	75,945
Real estate taxes	69,173	53,941	44,502
Repairs and maintenance	38,077	24,614	22,940
Advertising and promotion	24,756	18,888	17,000
Merger integration costs	7,236	--	--
Provision for credit losses	3,460	2,858	3,417
Other	14,914	12,630	9,902
Total operating expenses	416,192	302,521	259,378
OPERATING INCOME	331,512	251,136	214,298
INTEREST EXPENSE	202,182	150,224	122,980
NON-RECURRING INTEREST EXPENSE	--	--	27,184
INCOME BEFORE MINORITY INTEREST	129,330	100,912	64,134
MINORITY INTEREST	(4,300)	(2,681)	(3,759)
GAIN ON SALE OF ASSETS, NET	88	1,871	--
INCOME BEFORE UNCONSOLIDATED ENTITIES	125,118	100,102	60,375
INCOME (LOSS) FROM UNCONSOLIDATED ENTITIES	9,545	1,403	(67)
INCOME BEFORE EXTRAORDINARY ITEMS	134,663	101,505	60,308
EXTRAORDINARY ITEMS	(3,521)	(3,285)	(17,980)
NET INCOME	131,142	98,220	42,328
PREFERRED UNIT REQUIREMENT	12,694	1,490	--
NET INCOME AVAILABLE TO UNITHOLDERS	$ 118,448	$ 96,730	$ 42,328
NET INCOME AVAILABLE TO UNITHOLDERS ATTRIBUTABLE TO:			
General Partner	$ 72,561	$ 57,781	$ 23,377
Limited Partners	$ 45,887	$ 38,949	$ 18,951
	$ 118,448	$ 96,730	$ 42,328
EARNINGS PER UNIT:			
Income before extraordinary items	$ 1.02	$ 1.08	$ 0.71
Extraordinary items	(0.03)	(0.04)	(0.21)
Net income	$ 0.99	$ 1.04	$ 0.50

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF PARTNERS' EQUITY
SIMON DEBARTOLO GROUP, L.P. CONSOLIDATED

(Dollars in thousands)

	PREFERRED UNITS	GENERAL PARTNER	LIMITED PARTNER	UNAMORTIZED RESTRICTED STOCK AWARD	TOTAL PARTNERS' EQUITY	LIMITED PARTNERS' EQUITY INTEREST
Balance at December 31, 1993	$ --	$ (791,820)	$ --	$ --	$ (791,820)	$ 848,373
General Partner Contributions (7,462,445 units)		164,334			164,334	
Adjustment to allocate net equity to the Operating Partnership		(69,650)			(69,650)	69,650
Adjustment to reflect limited partners' equity interest at Redemption Value (Note 10)		(43,579)			(43,579)	43,579
Net income		23,377			23,377	18,951
Distributions		(90,275)			(90,275)	(71,247)
Balance at December 31, 1994	--	(807,613)	--	--	(807,613)	909,306
General Partner Contributions (9,470,977 units)		216,545			216,545	
Limited Partners' Contributions (120,000 units)					--	(16,869)
Preferred unit contributions, net of issuance costs (4,000,000 units)	99,923				99,923	
Acquisition of Limited Partners' interest and other [333,462 and (334,522) units, respectively]		5,036			5,036	(301)
Stock incentive program (143,311 units)		3,608		(3,605)	3	
Amortization of stock incentive				918	918	
Adjustment to allocate net equity of the Operating Partnership		(94,035)			(94,035)	94,035
Adjustment to reflect limited partners' equity interest at Redemption Value (Note 10)		42,848			42,848	(42,848)
Net income		59,271			59,271	38,949
Distributions		(112,022)			(112,022)	(73,508)
Balance at December 31, 1995	99,923	(686,362)	--	(2,687)	(589,126)	908,764
1996 Adjustment to reflect limited partners' interest at Historical Value (Note 10)		822,072	86,692		908,764	(908,764)
	99,923	135,710	86,692	(2,687)	319,638	--
Stock options exercised (372,151 units)		8,677			8,677	
Units issued in connection with Merger (37,877,965 and 23,219,012 units, respectively)		922,379	565,448		1,487,827	
Other unit issuances (70,074 and 472,410 units, respectively)		1,841	275		2,116	
Preferred units issued, net of issuance costs (8,000,000 units)	192,989				192,989	
Stock incentive program (200,030 units)		4,751		(4,751)	--	
Amortization of stock incentive				2,084	2,084	
Adjustment to allocate net equity of the Operating Partnership		(14,382)	14,382		--	
Net income	12,694	72,561	45,887		131,142	
Distributions	(12,694)	(114,142)	(72,401)		(199,237)	
Other		(62)			(62)	

Balance at December 31, 1996	$ 292,912	$ 1,017,333	640,283	$ (5,354)	$ 1,945,174

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF CASH FLOWS
SIMON DEBARTOLO GROUP, L.P. CONSOLIDATED

(Dollars in thousands)

	For the Year Ended December 31,		
	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 131,142	$ 98,220	$ 42,328
Adjustments to reconcile net income to net cash provided by operating activities--			
Depreciation and amortization	143,582	101,262	83,196
Loss on extinguishments of debt	3,521	3,285	17,980
Gain on sale of assets, net	(88)	(1,871)	--
Straight-line rent	(3,502)	(1,126)	(4,326)
Minority interest	4,300	2,681	3,759
Equity in income of unconsolidated entities	(9,545)	(1,403)	67
Changes in assets and liabilities--			
Tenant receivables and accrued revenue	(6,422)	5,502	(3,908)
Deferred costs and other assets	(12,756)	(14,290)	1,099
Accounts payable, accrued expenses and other liabilities	(13,768)	2,076	(12,172)
Net cash provided by operating activities	236,464	194,336	128,023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions	(56,069)	(32,547)	(227,312)
Capital expenditures	(195,833)	(98,220)	(42,765)
Cash from Merger and consolidation of joint ventures, net of Merger costs	37,053	4,346	8,924
Decrease in restricted cash	1,474	--	--
Proceeds from sale of assets	399	2,550	--
Investments in unconsolidated entities	(62,096)	(77,905)	(1,056)
Distributions from unconsolidated entities	36,786	6,214	5,842
Investments in and advances to/(from) Management Company	38,544	(27,117)	(10,405)
Net cash used in investing activities	(199,742)	(222,679)	(266,772)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Minority interest distributions	(5,115)	(3,680)	(2,148)
Partnership contributions	201,704	242,377	106,773
Partnership distributions	(257,403)	(177,726)	(120,711)
Mortgage and other note proceeds, net of transaction costs	1,293,582	456,520	405,430
Mortgage and other note principal payments	(1,267,902)	(531,566)	(256,081)
Net cash provided by (used in) financing activities	(35,134)	(14,075)	133,263
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,588	(42,418)	(5,486)
CASH AND CASH EQUIVALENTS, beginning of period	62,721	105,139	110,625
CASH AND CASH EQUIVALENTS, end of period	$ 64,309	$ 62,721	$ 105,139

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

SIMON DEBARTOLO GROUP, L.P.
NOTES TO FINANCIAL STATEMENTS

(DOLLARS IN THOUSANDS, EXCEPT PER UNIT AMOUNTS)

1. ORGANIZATION

Simon DeBartolo Group, Inc. (the "Company"), formerly known as Simon Property Group, Inc., is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. On August 9, 1996, the Company acquired the national shopping center business of DeBartolo Realty Corporation ("DRC"), The Edward J. DeBartolo Corporation and their affiliates as the result of the Merger described in Note 3.

Simon DeBartolo Group, L.P. ("SDG, LP") is a subsidiary partnership of the Company. Simon Property Group, L.P. ("SPG, LP") is a subsidiary partnership of SDG, LP and of the Company. SDG, LP and SPG, LP are hereafter collectively referred to as the "Operating Partnership." Prior to the Merger date, references to the Operating Partnership refer to SPG, LP only. The Operating Partnership, is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1996, the Operating Partnership owns or holds an interest in 186 income-producing properties, which consist of 113 regional malls, 65 community shopping centers, three specialty retail centers, four mixed-use properties and one value-oriented super-regional mall in 33 states (the "Properties"). The Operating Partnership also owns interests in two specialty retail centers, two value-oriented super-regional malls and one community center currently under construction and six parcels of land held for future development. The Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"). See Note 7 for a description of the activities of the Management Company.

The Operating Partnership is subject to risks incidental to the ownership and operation of commercial real estate. These include, among others, the risks normally associated with changes in the general economic climate, trends in the retail industry, creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing, and potential liability under environmental and other laws. Like most retail properties, the Operating Partnership's regional malls and community shopping centers rely heavily upon anchor tenants. As of December 31, 1996, 231 of the approximately 650 anchor stores in the Properties were occupied by JCPenney Company, Inc., Sears Roebuck & Co. and Dillard Department Stores, Inc. An affiliate of JCPenney Company, Inc. is a limited partner in the Operating Partnership. In addition, the Chief Operating Officer of Dillard Department Stores, Inc. is a director of the Company.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements of the Operating Partnership include the accounts of all entities owned or controlled by the Operating Partnership. All significant intercompany amounts have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reported periods. Actual results could differ from these estimates.

Properties which are wholly-owned ("Wholly-Owned Properties") or owned less than 100% and are controlled by the Operating Partnership ("Minority Interest Properties") have been consolidated. Control is demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the partnership without the consent of the limited partner and the inability of the limited partner to replace the general partner. Investments in partnerships and joint ventures which represent noncontrolling 14.7% to 50.0% ownership interests ("Joint Venture Properties") and the investment in the Management Company (see Note 7) are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions. In addition, the investment in a partnership which represents a 2% noncontrolling ownership interest in one Portfolio Property is accounted for using the cost method of accounting.

Net operating results of the Operating Partnership are allocated after preferred distributions (see Note 10), based on its partners' ownership interests. The Company's weighted average ownership interest in the Operating Partnership during 1996, 1995 and 1994 was 61.2%, 60.3% and 55.6%, respectively. At December 31, 1996 and 1995, the Company's ownership interest was 61.4% and 61.0%, respectively.

The following schedule identifies each Property included in the accompanying consolidated financial statements and the method of accounting utilized for each Property as of December 31, 1996:

CONSOLIDATED METHOD:

REGIONAL MALLS

ALTON SQUARE
AMIGOLAND MALL
ANDERSON MALL
BARTON CREEK SQUARE
BATTLEFIELD MALL
BAY PARK SQUARE
BERGEN MALL
BILTMORE SQUARE
BOYNTON BEACH MALL
BROADWAY SQUARE
BRUNSWICK SQUARE
CASTLETON SQUARE
CENTURY MALL
CHARLES TOWNE SQUARE
CHAUTAUQUA MALL
CHELTENHAM SQUARE
CHESAPEAKE SQUARE
CIELO VISTA MALL
COLLEGE MALL
COLUMBIA CENTER
COTTONWOOD MALL
CROSSROADS MALL
CRYSTAL RIVER MALL
DESOTO SQUARE
EAST TOWNE MALL
EASTERN HILLS MALL
EASTGATE CONSUMER MALL
EASTLAND MALL
FOREST MALL
FOREST VILLAGE PARK MALL
FREMONT MALL
GLEN BURNIE MALL
GOLDEN RING MALL
GREAT LAKES MALL
GREENWOOD PARK MALL
GULF VIEW SQUARE
HERITAGE PARK MALL
HUTCHINSON MALL
INDEPENDENCE CENTER
INGRAM PARK MALL
IRVING MALL
JEFFERSON VALLEY MALL
LA PLAZA MALL
LAFAYETTE SQUARE
LIMA MALL
LINCOLNWOOD TOWN CENTER
LONGVIEW MALL
MACHESNEY PARK MALL
MALL OF THE MAINLAND
MARKLAND MALL
MCCAIN MALL
MELBOURNE SQUARE
MEMORIAL MALL
MIAMI INTERNATIONAL MALL
MIDLAND PARK MALL
MILLER HILL MALL
MISSION VIEJO MALL
MOUNDS MALL
MUNCIE MALL
NORTH EAST MALL
NORTH TOWNE SQUARE
NORTHGATE MALL
NORTHWOODS MALL
ORANGE PARK MALL
PADDOCK MALL
PORT CHARLOTTE TOWN CENTER
PRIEN LAKE MALL
RALEIGH SPRINGS MALL
RANDALL PARK MALL
RICHARDSON SQUARE
RICHMOND MALL
RICHMOND SQUARE
ROSS PARK MALL
ST. CHARLES TOWNE CENTER
SOUTH PARK MALL
SOUTHERN PARK MALL
SOUTHGATE MALL
SOUTHTOWN MALL
SUMMIT MALL
SUNLAND PARK MALL
TACOMA MALL
TIPPECANOE MALL
TOWNE EAST SQUARE
TOWNE WEST SQUARE
TREASURE COAST SQUARE
TYRONE SQUARE
UNIVERSITY MALL (ARKANSAS)
UNIVERSITY MALL (FLORIDA)
UNIVERSITY PARK MALL
UPPER VALLEY MALL
VALLE VISTA MALL
VIRGINIA CENTER COMMONS
WASHINGTON SQUARE
WEST RIDGE MALL
WHITE OAKS MALL
WICHITA MALL
WINDSOR PARK MALL
WOODVILLE MALL

SPECIALTY RETAIL CENTERS

FORUM SHOPS AT CAESARS, THE
TROLLEY SQUARE

MIXED-USE PROPERTIES

NEW ORLEANS CENTRE
O'HARE INTERNATIONAL CENTER
RIVERWAY

COMMUNITY CENTERS

ARVADA PLAZA	GRIFFITH PARK PLAZA	NEW CASTLE PLAZA
AURORA PLAZA	GROVE AT LAKELAND SQUARE, THE	NORTH RIDGE PLAZA
BLOOMINGDALE COURT	HAMMOND SQUARE	NORTH RIVERSIDE PARK PLAZA
BOARDMAN PLAZA	HIGHLAND LAKES CENTER	NORTHLAND PLAZA
BRIDGEVIEW COURT	INGRAM PLAZA	NORTHWOOD PLAZA
BRIGHTWOOD PLAZA	LAKE PLAZA	PARK PLAZA
BRISTOL PLAZA	LAKE VIEW PLAZA	REGENCY PLAZA
BUFFALO GROVE TOWNE CENTER	LIMA CENTER	ST. CHARLES TOWNE PLAZA
CELINA PLAZA	LINCOLN CROSSING	TEAL PLAZA
CHESAPEAKE CENTER	MAINLAND CROSSING	TERRACE AT THE FLORIDA MALL
COHOES COMMONS	MAPLEWOOD SQUARE	TIPPECANOE PLAZA
COUNTRYSIDE PLAZA	MARKLAND PLAZA	UNIVERSITY CENTER
EAST TOWNE COMMONS	MARTINSVILLE PLAZA	WABASH VILLAGE
EASTLAND PLAZA	MARWOOD PLAZA	WASHINGTON PLAZA
FOREST PLAZA	MATTESON PLAZA	WEST RIDGE PLAZA
FOX RIVER PLAZA	MEMORIAL PLAZA	WHITE OAKS PLAZA
GREAT LAKES PLAZA	MOUNDS MALL CINEMA	WOOD PLAZA
GREENWOOD PLUS		

EQUITY METHOD:
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REGIONAL MALLS	COMMUNITY CENTERS	VALUE-ORIENTED SUPER-REGIONAL MALL
AVENTURA MALL	COBBLESTONE COURT	ONTARIO MILLS
AVENUES, THE	CRYSTAL COURT	
CENTURY III MALL	FAIRFAX COURT	MIXED-USE PROPERTY
CIRCLE CENTRE	GAITWAY PLAZA	THE FASHION CENTRE AT PENTAGON CITY
CORAL SQUARE	GREAT NORTHEAST PLAZA	
FLORIDA MALL, THE	PLAZA AT BUCKLAND HILLS, THE	SPECIALTY RETAIL CENTER
INDIAN RIVER MALL	RIDGEWOOD COURT	THE TOWER SHOPS
LAKELAND SQUARE	ROYAL EAGLE PLAZA	
LAKELINE MALL	VILLAGE PARK PLAZA	
NORTHFIELD SQUARE	WEST TOWN CORNERS	
PALM BEACH MALL	WESTLAND PARK PLAZA	
ROLLING OAKS MALL	WILLOW KNOLLS COURT	
SEMINOLE TOWNE CENTER	YARDS PLAZA, THE	
SMITH HAVEN MALL		

COST METHOD:
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REGIONAL MALL
WEST TOWN MALL

THE DEFICIT MINORITY INTEREST BALANCE IN THE ACCOMPANYING CONSOLIDATED BALANCE SHEETS REPRESENTS OUTSIDE PARTNERS' INTERESTS IN THE NET EQUITY OF CERTAIN PROPERTIES. DEFICIT MINORITY INTERESTS WERE RECORDED WHEN A PARTNERSHIP AGREEMENT PROVIDED FOR THE SETTLEMENT OF DEFICIT CAPITAL ACCOUNTS BEFORE DISTRIBUTING THE PROCEEDS FROM THE SALE OF PARTNERSHIP ASSETS AND/OR FROM THE INTENT (LEGAL OR OTHERWISE) AND ABILITY OF THE PARTNER TO FUND ADDITIONAL CAPITAL CONTRIBUTIONS.

3. MERGERS AND REAL ESTATE ACQUISITIONS AND DEVELOPMENTS

MERGERS

DRC. On August 9, 1996, the Company acquired the national shopping center business of DRC (the "Merger") for an aggregate value of $3.0 billion. The acquired portfolio consisted of 49 regional malls, 11 community centers and one mixed-use Property. These Properties included 47,052,267 square feet of retail space gross leasable area ("GLA") and 558,636 of office GLA. Pursuant to the Merger, the Company acquired all the outstanding common stock of DRC (55,712,529 shares), at an exchange ratio of 0.68 share of the Company's common stock for each share of DRC common stock (the "Exchange Ratio"). A total of 37,873,965 shares of the Company's common stock was issued by the Company to the DRC shareholders. DRC and the acquisition subsidiary merged. DRC became a 99.9% subsidiary of the Company and changed its name to SD Property Group, Inc. This portion of the transaction was valued at approximately $923,179, based upon the number of DRC shares of common stock acquired (55,712,529 shares), the Exchange Ratio and the last reported sales price of the Company's common stock on August 9, 1996 ($24.375). In connection therewith, the Company changed its name to Simon DeBartolo Group, Inc.

In connection with the Merger, the general and limited partners of SPG, LP contributed 49.5% (47,442,212 units of partnership interest) of the total outstanding units of partnership interest ("Units") in SPG, LP to the operating partnership of DRC, DeBartolo Realty Partnership, L.P. ("DRP, LP") in exchange for 47,442,212 Units of partnership interest in DRP, LP, whose name was changed to Simon DeBartolo Group, L.P. ("SDG, LP"). The Company retained a 50.5% partnership interest (48,400,641 Units) in SPG, LP but assigned its rights to receive distributions of profits on 49.5% (47,442,212 Units) of the outstanding Units of partnership interest in SPG, LP to SDG, LP. The limited partners of DRP, LP approved the contribution made by the partners of SPG, LP and simultaneously exchanged their 38.0% (34,203,623 Units) partnership interest in DRP, LP, adjusted for the Exchange Ratio, for a smaller partnership interest in SDG, LP. The exchange of the limited partners' 38.0% partnership interest in DRP, LP for Units of SDG, LP has been accounted for as an acquisition of minority interest by the Company and is valued based on the estimated fair value of the consideration issued (approximately $566,900). The Units of SDG, LP may under certain circumstances be exchangeable for common stock of the Company on a one-for-one basis. Therefore, the value of the acquisition of the DRP, LP limited partners' interest acquired was based upon the number of DRP, LP Units exchanged (34,203,623), the Exchange Ratio and the last reported sales price per share of the Company's common stock on August 9, 1996 ($24.375). The limited partners of SPG, LP received a 23.7% partnership interest in SDG, LP (37,282,628 Units) for the contribution of their 38.9% partnership interest in SPG, LP (37,282,628 Units) to SDG, LP. The interests transferred by the partners of SPG, LP to DRP, LP have been appropriately reflected at historical costs.

Upon completion of the Merger, the Company became a general partner of SDG, LP with 36.9% (57,605,796 Units) of the outstanding partnership Units in SDG, LP and became through SD Property Group, Inc. the managing general partner of SDG, LP with 24.3% (37,873,965 Units in SPG, LP) of the outstanding partnership Units in SDG, LP. The Company remained the sole general partner of SPG, LP with 1% of the outstanding partnership Units (958,429 Units) and 49.5% interest in the capital of SPG, LP, and SDG, LP became a special limited partner in SPG, LP with 49.5% (47,442,212 Units) of the outstanding partnership Units in SPG, LP and an additional 49.5% interest in the profits of SPG, LP. SPG, LP did not acquire any interest in SDG, LP. Upon completion of the Merger, the Company directly and indirectly owned a controlling 61.2% (95,479,761 Units) partnership interest in SDG, LP.

For financial reporting purposes, the completion of the Merger resulted in a reverse acquisition by the Company, using the purchase method of accounting, directly or indirectly, of 100% of the net assets of DRP, LP for consideration valued at $1.5 billion, including related transaction costs. The purchase price has been allocated to the fair value of the assets and liabilities of DRP, LP at December 31, 1996. Certain assumptions were made which management of the General Partners believes are reasonable. Final adjustments to the purchase price allocation were not completed at December 31, 1996. While no material changes to the allocation are anticipated, changes will be recorded in 1997.

Although the Company was the accounting acquirer, SDG, LP (formerly DRP, LP) became the primary operating partnership through which the future business of the Company will be conducted. As a result of the Merger, the Company's initial operating partnership, SPG, LP, became a subsidiary of SDG, LP with 99% of the profits allocable to SDG, LP and 1% of the profits allocable to the Company. Cash flow allocable to the Company's 1% profit interest in SDG, LP is absorbed by public company costs and related expenses incurred by the Company. However, because the Company was the accounting acquirer and, upon completion of the Merger, acquired majority control of SDG, LP; SPG, LP is the predecessor to SDG, LP for financial reporting purposes. Accordingly, the financial statements of SDG, LP for the post-Merger periods and for all pre-Merger comparative periods reflect the reverse acquisition of DRP, LP by the

Company using the purchase method of accounting, and the financial statements of SDG, LP reflect the financial statements of SPG, LP as the predecessor to SDG, LP for financial reporting purposes.

It is currently expected that subsequent to the first anniversary of the date of the Merger, reorganizational transactions will be effected so that SDG, LP will directly own all of the assets and partnership interests now owned by SPG, LP. However, there can be no assurance that such reorganizational transactions will be so effected.

MSA REALTY CORPORATION ("MSAR"). On September 1, 1994, the Company issued an additional 1,799,945 shares of common stock in conjunction with the merger of MSAR. Each outstanding share of MSAR common stock as of August 31, 1994, was converted into 0.31 shares of the Company's common stock. The acquisition price, including related transaction costs, was $48,031. The Company's investment in MSAR was contributed to the Operating Partnership for 1,799,945 Units, which increased the Company's ownership of the Operating Partnership by 1.0% to 56.4%. As a result of the acquisition, the Operating Partnership now owns 100% of fourteen centers in which it previously held a 50% interest and substantially all of the ownership interest in one community shopping center in which it held a minority interest. In addition, the Operating Partnership obtained a noncontrolling 50% interest in a regional mall. This transaction was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $26,507 was allocated to investment properties. The Operating Partnership's interest in the assets and liabilities of these centers prior to this transaction is reflected at predecessor cost. Subsequent to September 1, 1994, each of the Properties involved in this merger was accounted for using the consolidated method of accounting.

ACQUISITIONS AND DEVELOPMENTS

INDEPENDENCE CENTER. On December 1, 1994, the Operating Partnership acquired Independence Center in Independence, Missouri. Included in the purchase are approximately 47 acres of undeveloped land adjacent to the mall. Under the terms of the sale, the Operating Partnership paid $51,413, including transaction costs, funded through the use of the Operating Partnership's credit facilities.

BROADWAY SQUARE, ORANGE PARK MALL AND UNIVERSITY MALL. On December 29, 1994, the Operating Partnership acquired Broadway Square in Tyler, Texas; Orange Park Mall in Jacksonville, Florida; and University Mall in Pensacola, Florida. Under the terms of the sale, the Operating Partnership paid $153,874, including transaction costs, funded through the use of the Operating Partnership's credit facilities. Included in the purchase price were approximately 14 acres and 10 acres of undeveloped land adjacent to Orange Park Mall and University Mall, respectively.

WHITE OAKS MALL. At the time of the Company's initial public offering in December 1993, the Teacher's Retirement System of the State of Illinois ("TRS") held an option to put its 50% general and limited partnership interests in White Oaks Mall in Springfield, Illinois, to the Operating Partnership. TRS exercised this option on January 23, 1995, and the purchase closed February 23, 1995. The Units which TRS received upon exercise of the options were exchanged for 2,022,247 shares of common stock of the Company. The Operating Partnership now owns 77% of White Oaks Mall. The issuance of the additional shares increased the Company's ownership interest in the Operating Partnership by 1.0% to 57.6%. The White Oaks Mall transaction, valued at $45,000, was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $10,905 was allocated to investment properties. The Operating Partnership's interest in the assets and liabilities of this Property prior to this transaction is reflected at predecessor cost. Effective February 23, 1995, White Oaks Mall was being accounted for in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

CROSSROADS MALL. Prior to July 31, 1995, the Operating Partnership held a 50% joint venture interest in Crossroads Mall in Omaha, Nebraska. On July 31, 1995, the Operating Partnership acquired the remaining 50% ownership in the Property from Melvin Simon, Herbert Simon, and certain of their affiliates (collectively, the "Simons") in exchange for 120,000 Units. The acquisition was reflected at predecessor cost. Concurrent with the acquisition, a debt restructuring was completed which included the issuance of 1,200,000 shares of common stock of the Company to the lender (New York State Teachers' Retirement System) in exchange for a $30,000 reduction of the outstanding loan balance which included accrued interest. In addition, the effective interest rate on the remaining balance of $41,400 was reduced from 10.5% to 7.75%. The loan matures on July 31, 2002. Effective July 31, 1995, Crossroads Mall was included in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

THE SHOPS AT SUNSET PLACE. On August 15, 1995, the Operating Partnership acquired for $11,406 a controlling 75% joint venture interest in a redevelopment project to be named "The Shops at Sunset Place" in South Miami, Florida, using borrowings from its unsecured revolving credit facility. The Operating Partnership began construction on this 500,000 square foot development property in November 1996, and it is scheduled for completion in 1998. The Operating Partnership expects to have construction financing for the majority of the development costs of this project in place before the end of the second quarter of 1997. This project is included in the accompanying consolidated financial statements using the consolidated method of accounting.

EAST TOWNE MALL. Prior to September 25, 1995, the Operating Partnership held a 45.0% joint venture interest in East Towne Mall in Knoxville, Tennessee. On September 25, 1995, the Operating Partnership acquired the remaining interest for $18,500 and the assumption of 55% of the $75,000 of existing mortgage debt. In connection with the transaction, the Operating Partnership refinanced the $75,000 mortgage. These transactions were funded through a new loan of $55,000 and $38,500 in borrowings from the Operating Partnership's unsecured revolving credit facility. The transaction was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $21,982 was allocated to investment properties. Effective September 25, 1995, East Towne Mall was included in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

THE SOURCE. On December 22, 1995, a joint venture, in which the Operating Partnership has a noncontrolling 50% joint venture interest acquired a development project located in Westbury (Long Island), New York, for $30,253. This transaction was initially financed using borrowings from the Operating Partnership's unsecured revolving credit facility. When construction financing of $120,000 closed on this property in July 1996, the Operating Partnership was repaid its $27,500 loan. The construction loan carries interest at LIBOR plus 170 basis points and matures on July 16, 2001. Construction commenced in February 1996 and this 730,000 square foot value-oriented retail center development is expected to open in August 1997. This joint venture is being accounted for using the equity method of accounting.

SMITH HAVEN MALL. On December 28, 1995, a joint venture in which the Operating Partnership owns a noncontrolling 25% interest purchased Smith Haven Mall, a 1.3 million square foot regional mall located in Lake Grove (Long Island), New York, for $221,000. The Operating Partnership's contribution of $55,725 to the purchase price of $221,000 was financed using borrowings from the Operating Partnership's unsecured revolving credit facility. On June 17, 1996, the joint venture closed on a $115,000 interest-only mortgage maturing June 1, 2006. Subsequently, the Operating Partnership received a reimbursement of $28,256 of its contribution. This joint venture is being accounted for using the equity method of accounting.

ROSS PARK MALL. Prior to April 11, 1996, the Operating Partnership held a 50% joint venture interest in Ross Park Mall in Pittsburgh, Pennsylvania. On April 11, 1996, the Operating Partnership acquired the remaining economic ownership interest. The purchase price included approximately $44,000 cash and the assumption of the joint venture partner's share of existing debt ($57,000). The purchase price in excess of the net assets acquired of $49,074 was allocated to investment properties. Effective April 11, 1996, the property is being accounted for using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

COTTONWOOD MALL. Cottonwood Mall opened on July 31, 1996, in Albuquerque, New Mexico. This 1.0 million square foot regional mall is wholly-owned by the Operating Partnership. The development costs were financed through a $60,000 construction loan, which bore interest at the lower of the prime rate plus 25 basis points or LIBOR plus 200 basis points and had a scheduled maturity of February 1, 1999. On November 26, 1996, using proceeds from the sale of the Notes (See Note 8) the Operating Partnership retired the entire $57,000 outstanding balance.

NORTH EAST MALL. Prior to October 4, 1996, the Operating Partnership held a 50% joint venture interest in North East Mall in Hurst, Texas. On October 4, 1996, in connection with the settlement of certain outstanding litigation, the Operating Partnership acquired for $12,100 an additional 20% limited partnership interest in North East Mall. At the same time, the Operating Partnership exercised its option to acquire the remaining 30% limited partnership interest in North East Mall owned by the Simons in exchange for 472,410 Units in the Operating Partnership, as well as the Simons' 50% general partnership interest which the Operating Partnership acquired for nominal consideration. The Simons had previously contributed the right to receive distributions relating to its 50% general partnership interest to the Operating Partnership, in exchange for Units. As a result of these transactions, the Operating Partnership owns 100% of North East Mall and accounts for it using the consolidated method of accounting.

MILLS DEVELOPMENTS. On December 29, 1995, the Operating Partnership entered into arrangements with The Mills Corporation to develop value-oriented super-regional malls in Ontario (Los Angeles), California; Grapevine (Dallas/Fort Worth), Texas; and Tempe (Phoenix), Arizona. Ontario Mills, a 25%-owned, 1.3 million square foot super-regional mall, opened on November 14, 1996, in Ontario, California. The Operating Partnership financed its $15,000 equity commitment for this project in 1996. Grapevine Mills, a 37.5%-owned, 1.5 million square foot development project, broke ground on July 10, 1996, and is expected to open in October 1997. The Operating Partnership has a $14,000 equity commitment on this $211,000 development project. Arizona Mills, a 25%-owned, 1.2 million square foot development project, broke ground on August 1, 1996, and is expected to open in November 1997. The Operating Partnership has a $13,500 equity investment in this $183,000 development project. These projects are being accounted for using the equity method of accounting.

JOINT VENTURE PROPERTY OPENINGS. The Operating Partnership opened three new Joint Venture Properties during 1996. Ontario Mills, described above, opened on November 14, 1996. Indian River Mall opened on November 15, 1996, in Vero Beach, Florida. The Operating Partnership has a noncontrolling 50.0% ownership interest in this approximately 750,000 square foot regional mall. The Tower Shops in Las Vegas, Nevada, also opened in November 1996. The Operating Partnership has a noncontrolling 50.0% ownership interest in this approximately 60,000 square foot specialty retail center. Each of these properties is being accounted for using the equity method of accounting.

The Operating Partnership also opened three new regional malls during 1995. Circle Centre opened on September 8, 1995, in Indianapolis, Indiana. The Operating Partnership has a 14.7% ownership interest in this approximately 800,000 square foot regional mall. Seminole Towne Center opened on September 22, 1995, in Sanford, Florida. The Operating Partnership has a 45.0% ownership interest in this approximately 1.1 million square foot regional mall. Lakeline Mall opened on October 18, 1995, in Austin, Texas. The Operating Partnership has a noncontrolling 50.0% ownership interest in this approximately 1.1 million square foot regional mall. Each of these regional malls is being accounted for using the equity method of accounting.

PRO FORMA

The following unaudited pro forma summary financial information combines the consolidated results of operations of the Operating Partnership as if the Merger had occurred as of January 1, 1995, and was carried forward through December 31, 1996. Preparation of the pro forma summary information was based upon assumptions deemed appropriate by the Operating Partnership. The pro forma summary information is not necessarily indicative of the results which actually would have occurred if the Merger had been consummated at January 1, 1995, nor does it purport to represent the future financial position and results of operations for future periods.

	YEAR ENDED DECEMBER 31,	
	1996	1995
Revenue	$ 956,407	$ 889,714
Net income available for unitholders	155,007	164,534
General Partner	95,128	99,708
Limited Partners	59,879	64,826
Net income per Unit	$ 0.99	$ 1.07
Weighted average number of Units	157,073,785	153,763,446

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT PROPERTIES

Investment properties are recorded at the lower of cost (predecessor cost for Properties acquired from the Simons) or net realizable value. Net realizable value of investment Properties for financial reporting purposes is reviewed for impairment on a Property-by-Property basis whenever events or changes in circumstances indicate that the carrying amount of investment properties may not be recoverable. Impairment of investment properties is recognized when estimated undiscounted operating income is less than the carrying value of the Property. To the extent an impairment has occurred, the excess of carrying value of the Property over its estimated net realizable value will be charged to income. The Operating Partnership adopted Statement of Financial Accounting Standards ("SFAS") No. 121 (Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of) on January 1, 1996. The adoption of this pronouncement had no impact on the accompanying consolidated financial statements. Investment properties include costs of acquisition, development, construction, tenant allowances and improvements, interest and real estate taxes incurred during construction, certain capitalized improvements and replacements, and certain allocated overhead.

Depreciation on buildings and improvements is provided utilizing the straight-line method over an estimated original useful life of 10 to 45 years, resulting in an average composite life of approximately 30 years. Depreciation on tenant allowances and improvements is provided utilizing the straight-line method over the term of the related lease.

Certain improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. All other repair and maintenance items are expensed as incurred.

CAPITALIZED INTEREST

Interest is capitalized on projects during periods of construction. Interest capitalized by the Operating Partnership during 1996, 1995 and 1994 was $5,831, $1,515 and $1,586, respectively.

DEFERRED COSTS

Deferred costs consist primarily of financing fees incurred to obtain long-term financing, costs of interest rate protection agreements, and internal and external leasing commissions and related costs. Deferred financing costs, including interest rate protection agreements, are amortized on a straight-line basis over the terms of the respective loans or agreements. Deferred leasing costs are amortized on a straight-line basis over the terms of the related leases. Deferred costs consist of the following:

	DECEMBER 31,	
	1996	1995
Deferred financing costs	$ 64,931	$ 68,042
Leasing costs and other	97,380	88,094
	162,311	156,136
Less-accumulated amortization	70,386	74,738
Deferred costs, net	$ 91,925	$ 81,398

Included in interest expense in the accompanying Consolidated Statements of Operations is amortization of deferred financing costs of $8,434, $8,523 and $7,251 for 1996, 1995 and 1994, respectively.

REVENUE RECOGNITION

The Operating Partnership, as a lessor, has retained substantially all of the risks and benefits of ownership of the investment Properties and accounts for its leases as operating leases. Minimum rents are accrued on a straight-line basis over the terms of their respective leases. Overage rents are recognized when earned.

Reimbursements from tenants for real estate taxes and other recoverable operating expenses are recognized as revenue in the period the applicable expenditures are incurred.

ALLOWANCE FOR CREDIT LOSSES

A provision for credit losses is recorded based on management's judgment of tenant creditworthiness. The activity in the allowance for credit losses during 1996, 1995 and 1994 was as follows:

Year Ended	Balance at Beginning of Year	Provision for Credit Losses	Accounts Written Off	Balance at End of Year
December 31, 1996	$ 4,259	$ 3,460	$ (1,027)	$ 6,692
December 31, 1995	$ 2,943	$ 2,858	$ (1,542)	$ 4,259
December 31, 1994	$ -	$ 3,417	$ (474)	$ 2,943

INCOME TAXES

As a partnership, the allocated share of income or loss for each year is included in the income tax returns of the partners, accordingly, no accounting for income taxes is required in the accompanying consolidated financial statements. State and local taxes are not material.

Taxable income of the Operating Partnership for the years ended December 31, 1996 and 1995, is estimated to be $124,616 and was $100,915 and $44,683 for the years ended December 31, 1995 and 1994, respectively. Reconciling differences between book income and tax income primarily result from timing differences consisting of (i) depreciation expense, (ii) prepaid rental income and (iii) straight-line rent. Furthermore, the Operating Partnership's share of income or loss from the affiliated Management Company is excluded from the tax return of the Operating Partnership.

PER UNIT DATA

The net income per unit is based on the weighted average number of units outstanding during the period. The weighted average number of units used in the computation for 1996, 1995 and 1994 was 120,181,895; 92,666,469; and 84,509,597 , respectively. Units held by limited partners in SDG, LP may be exchanged for shares of common stock of the Company on a one-for-one basis in certain circumstances (see Note 10). The outstanding stock options, the Units which are exchangeable for common stock of the Company and the preferred units, which can be converted into Units, have not been considered in the computations of per unit data as they did not have a dilutive effect.

The Operating Partnership declared distributions in 1996 aggregating $1.63 per share. This includes a $0.1515 distribution on August 9, 1996, in connection with the Merger, designated to align the time periods of distribution payments. The current annual distribution rate is $1.97 per unit. The following is a summary of distributions per unit declared in 1996 and 1995, which represented a return of capital measured using generally accepted accounting principles:

Distributions per Unit	FOR THE YEAR ENDED DECEMBER 31, 1996	1995
From book net income	$ 0.99	$1.04
Representing return of capital	0.64	0.93
Total distributions	$ 1.63	$1.97

On a federal income tax basis, 64% of the 1996 distributions and 25% of the 1995 distributions represented return of capital.

STATEMENTS OF CASH FLOWS

For purposes of the Statements of Cash Flows, all highly liquid investments purchased with an original maturity of 90 days or less are considered as cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value. Cash equivalents generally consist of commercial paper, bankers acceptances, Eurodollars, repurchase agreements and Dutch auction securities. Cash and cash equivalents do not include restricted cash of $6,110 as of December 31, 1996. Cash is restricted primarily for renovations, redevelopment and other activities of the 17 properties which collateralize commercial pass-through certificates (defined in Note 8). There were no restrictions on cash and cash equivalents in 1995.

Cash paid for interest, net of any amounts capitalized, during 1996, 1995 and 1994 were $197,796, $142,345 and $140,106 respectively. The 1994 amount includes a $27,184 nonrecurring interest charge.

NONCASH TRANSACTIONS

In connection with the Employee Plan of the Company (see Note 11), on March 22, 1995, an aggregate of 1,000,000 shares of restricted stock was reserved for 50 executives, subject to the performance standards and other terms of the plan. During 1996 and 1995, 200,030 and 144,196 shares of common stock were granted, respectively, under the Stock Incentive Program. The value of these shares is being amortized pro-rata over the respective four-year vesting period. Approximately $2,084 and $918 were amortized in 1996 and 1995, respectively, relating to this program. Effective October 4, 1996, the Operating Partnership reflected North East Mall using the consolidated method of accounting. See Note 3 for certain other noncash transactions.

Accrued and unpaid distributions as of December 31, 1996 and 1995, were $0 and $47,104, respectively. Accrued and unpaid distributions at December 31, 1995, included $1,490 related to the Series A convertible preferred units .

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications have no impact on net operating results previously reported.

5. INVESTMENT PROPERTIES

Investment properties consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1995
Land	$ 1,003,221	$ 283,722
Buildings and improvements	4,270,244	1,860,203
Total land, buildings and improvements	5,273,465	2,143,925
Furniture, fixtures and equipment	27,556	18,236
Investment properties at cost	5,301,021	2,162,161
Less--accumulated depreciation	279,072	152,817
Investment properties at cost, net	$ 5,021,949	$ 2,009,344

Building and improvements include $86,461 and $40,676 of construction in progress at December 31, 1996 and 1995, respectively.

6. INVESTMENT IN PARTNERSHIPS AND JOINT VENTURES

As of December 31, 1996, the unamortized excess of the Operating Partnership's investment over its share of the equity in the underlying net assets of the partnerships and joint ventures ("Excess Investment") was approximately $232,927. This Excess Investment is being amortized generally over the life of the related Properties. Amortization included in income from unconsolidated entities for 1996 was $5,127.

Summary financial information of partnerships and joint ventures accounted for using the equity method and a summary of the Operating Partnership's investment in and share of income from such partnerships and joint ventures follows.

BALANCE SHEETS	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS:		
Investment properties at cost, net	$ 1,887,555	$ 1,156,066
Cash and cash equivalents	61,267	52,624
Tenant receivables	58,548	35,306
Other assets	69,365	32,626
Total assets	$ 2,076,735	$ 1,276,622
LIABILITIES AND PARTNERS' EQUITY:		
Mortgages and other notes payable	$ 1,121,804	$ 410,652
Accounts payable, accrued expenses and other liabilities	213,394	127,322
Total liabilities	1,335,198	537,974
Partners' equity	741,537	738,648
Total liabilities and partners' equity	$ 2,076,735	$ 1,276,622
THE OPERATING PARTNERSHIP'S SHARE OF:		
Total assets	$ 602,084	$ 290,802
Partners' equity	$ 144,376	$ 63,212
Add: Excess Investment	232,927	--
Operating Partnership's net Investment in joint ventures	$ 377,303	$ 63,212

STATEMENTS OF OPERATIONS	FOR THE YEAR ENDED DECEMBER 31, 1996	1995	1994
Revenue:			
Minimum rent	$ 144,166	$ 83,905	$ 92,380
Overage rent	7,872	2,754	3,655
Tenant reimbursements	73,492	39,500	45,440
Other income	11,178	13,980	10,131
Total revenue	236,708	140,139	151,606
OPERATING EXPENSES:			
Operating expenses and other	88,678	46,466	55,949
Depreciation and amortization	50,328	26,409	26,409
Total operating expenses	139,006	72,875	82,358
OPERATING INCOME	97,702	67,264	69,248
INTEREST EXPENSE	48,918	28,685	38,124
EXTRAORDINARY ITEMS	(1,314)	(2,687)	--
NET INCOME	47,470	35,892	31,124
THIRD-PARTY INVESTORS' SHARE OF NET INCOME	38,283	30,752	30,090
THE OPERATING PARTNERSHIP'S SHARE OF NET INCOME	$ 9,187	$ 5,140	$ 1,034
AMORTIZATION OF EXCESS INVESTMENT	5,127	--	--
INCOME FROM UNCONSOLIDATED ENTITIES	$ 4,060	$ 5,140	$ 1,034

The net income or net loss for each partnership and joint venture is allocated in accordance with the provisions of the applicable partnership or joint venture agreement. The allocation provisions in these agreements are not always consistent with the ownership interests held by each general or limited partner or joint venturer, primarily due to partner preferences. The Operating Partnership receives substantially all of the economic benefit of Biltmore Square, Chesapeake Square, Northfield Square and Port Charlotte Town Center, resulting from advances made to these joint ventures.

7. INVESTMENT IN MANAGEMENT COMPANY

The Operating Partnership holds 80% of the outstanding common stock, 5% of the outstanding voting common stock, and all of the preferred stock of the Management Company. The remaining 20% of the outstanding common stock of the Management Company (representing 95% of the voting common stock) is owned directly by Melvin, Herbert and David Simon. The Management Company, including its consolidated subsidiaries, provides management, leasing, development, accounting, legal, marketing and management information systems services to 33 Minority Interest and Joint Venture Properties, Melvin Simon & Associates, Inc. ("MSA"), and certain other nonowned properties. Because the Operating Partnership exercises significant influence over the financial and operating policies of the Management Company, it is reflected in the accompanying statements using the equity method of accounting.

In connection with the Merger, the Management Company purchased 95% of the voting stock (665 shares of common stock) of DeBartolo Property Management, Inc. ("DPMI"), a DRC management company, for $2,500 in cash. DPMI provides architectural, design, construction and other services primarily to the Properties. During 1996, DPMI formed a captive insurance company, which provided property damage and general liability insurance for certain Properties in 1996. The Operating Partnership paid a total of $2,383 to this wholly-owned subsidiary of the Management Company for insurance coverage during 1996. The Management Company accounts for both DPMI and the captive insurance company using the consolidated method of accounting.

During 1995, the Operating Partnership advanced a net of $27,500 to the Management Company, which bears interest at 11%. The proceeds were used to acquire a $27,500 mortgage note due from The Source, in which the Operating Partnership has a noncontrolling 50% interest. In July 1996, the joint venture which owns The Source closed on a $120,000 construction loan and retired the mortgage note. The Management Company in turn repaid the Operating Partnership the $27,500 advanced in 1995. The Management Company also liquidated in 1995 its interest in a partnership investment which held a 9.8-acre parcel of land in Rosemont, Illinois. The sale of that parcel resulted in a loss of $958 to the Management Company. Further, an undeveloped two-acre parcel of land in Washington, D.C., for which the Management Company held a mortgage, was sold in December 1995. The Management Company forwarded $11,000 of the net proceeds from this sale to the Operating Partnership in January 1996 to reduce its outstanding loan balance. The Management Company recorded a loss in connection with this transaction of $3,949.

Management, development and leasing fees charged to the Operating Partnership relating to the Minority Interest Properties were $6,916, $5,353 and $2,352 for the years ended December 31, 1996, 1995 and 1994, respectively. Architectural, contracting and engineering fees charged to the Operating Partnership for 1996 were $21,650. Fees for services provided by the Management Company to MSA were $4,000, $4,572 and $7,239 for the years ended December 31, 1996, 1995 and 1994, respectively, and are included in cost-sharing income and other in the Management Company's Statements of Operations.

At December 31, 1996 and 1995, total notes receivable and advances due from the Management Company and consolidated affiliates were $75,452 and $102,522, respectively. The 1996 amount includes $11,474 due from DPMI. Unpaid interest income receivable from the Management Company at December 31, 1996 and 1995, was $0 and $84, respectively. All preferred dividends due from the Management Company were paid by December 31, 1996 and 1995. These interest and preferred dividend receivables are reflected in tenant receivables and accrued revenue in the accompanying Consolidated Balance Sheets.

Summarized consolidated financial information of the Management Company, accounted for using the equity method, and a summary of the Operating Partnership's investment in and share of income (loss) from the Management Company follows.

	DECEMBER 31,	
BALANCE SHEETS	1996	1995
ASSETS:		
Current assets	$ 69,708	$ 40,964
Undeveloped land and mortgage notes	16,177	45,769
Other assets	24,378	13,813
Total assets	110,263	$ 100,546
LIABILITIES AND SHAREHOLDERS' DEFICIT:		
Current liabilities	$ 46,690	$ 18,435
Notes payable and advances due to the Operating Partnership at 11%, due 2008	75,452	102,522
Total liabilities	122,142	120,957
Shareholders' deficit	(11,879)	(20,411)
Total liabilities and shareholders' deficit	$ 110,263	$ 100,546
THE OPERATING PARTNERSHIP'S SHARE OF:		
Total assets	$ 96,316	$ 80,437
Shareholders' deficit	$ (13,567)	$ (20,612)

STATEMENTS OF OPERATIONS	FOR THE YEAR ENDED DECEMBER 31, 1996	1995	1994
REVENUE:			
Management fees	$ 20,529	$ 20,106	$ 18,587
Architectural, contracting and engineering fees	35,546	--	--
Development and leasing fees	10,611	15,451	9,683
Cost-sharing income and other	11,979	7,561	10,077
Total revenue	78,665	43,118	38,347
EXPENSES:			
Operating expenses and costs of construction	60,508	31,163	27,944
Depreciation	2,852	2,275	1,406
Interest	6,232	7,694	8,623
Total expenses	69,592	41,132	37,973
OPERATING INCOME	9,073	1,986	374
LOSS ON DISPOSITION OF ASSETS	--	(4,907)	--
NET INCOME (LOSS)	9,073	(2,921)	374
PREFERRED DIVIDENDS	1,400	1,400	1,400
NET INCOME (LOSS) AVAILABLE FOR COMMON SHAREHOLDERS	$ 7,673	$ (4,321)	$ (1,026)
THE OPERATING PARTNERSHIP'S SHARE OF NET INCOME (LOSS)	$ 7,025	$ (3,737)	$ (1,101)
INTERCOMPANY PROFIT ELIMINATION	1,540	--	--
THE OPERATING PARTNERSHIP'S SHARE OF NET INCOME (LOSS)	$ 5,485	$ (3,737)	$ (1,101)

The Operating Partnership manages all Wholly-Owned Properties and substantially all of the Minority Interest and Joint Venture Properties that were owned by DRC prior to the Merger, and, accordingly, it reimburses the Administrative Services Partnership ("ASP"), a subsidiary of the Management Company, for costs incurred, including management, leasing, development, accounting, legal, marketing, and management information systems. Substantially all employees (other than direct field personnel) are employed by ASP, which is owned 1% by the Operating Partnership and 99% by the Management Company. The Management Company's Statements of Operations report costs net of amounts reimbursed by the Operating Partnership. Common costs are allocated based on payroll and related costs. In management's opinion, allocations under the cost-sharing arrangement are reasonable. The Operating Partnership's share of allocated common costs was $29,262, $21,874 and $15,619 for 1996, 1995 and 1994, respectively.

Amounts payable by the Operating Partnership under the cost-sharing arrangement and management contracts were $3,288 and $1,175 at December 31, 1996 and 1995, respectively, and are reflected in accounts payable and accrued expenses in the accompanying Consolidated Balance Sheets.

8. INDEBTEDNESS

Mortgages and other notes payable consist of the following:

	DECEMBER 31, 1996	1995
FIXED-RATE DEBT		
Mortgages and other notes payable, net	$ 2,076,428	$ 1,232,360
Commercial mortgage pass-through certificates, net	377,650	--
6 7/8% unsecured notes, net of $839 discount	249,161	--
6 3/4% putable asset trust securities, including $1,472 premium	101,472	--

Total fixed-rate Debt	2,804,711	1,232,360
VARIABLE-RATE DEBT		
Mortgages and other notes payable, net	$ 561,985	$ 530,000
Credit facility	230,000	196,000
Commercial mortgage pass-through certificates, net	85,288	--
Construction loan	--	22,399
Total variable-rate debt	877,273	748,399
Total mortgages and other notes payable	$ 3,681,984	$ 1,980,759

FIXED-RATE DEBT

MORTGAGE LOANS & OTHER NOTES. The fixed-rate mortgage loans and other notes bear interest ranging from 5.81% to 10.00% (weighted average of 7.68%), require monthly payments of principal and/or interest and have various due dates through 2026 (average maturity of 6.7 years). Certain of the Properties are pledged as collateral to secure the related mortgage note. The fixed and variable mortgage notes are nonrecourse but have partial guarantees by affiliates of approximately $506,406. Certain of the Properties are cross-defaulted and cross-collateralized as part of a group of Properties. Under certain of the cross-default provisions, a default under any mortgage included in the cross-defaulted package may constitute a default under all such mortgages and may lead to acceleration of the indebtedness due on each Property within the collateral package. Certain of the Properties are subject to a provision in which the lender participates in a percentage of gross revenues above a specified base or after deduction of debt service and various expenses. Contingent interest incurred under these arrangements was $1,645, $1,929 and $1,527 for the years ended December 31, 1996, 1995 and 1994, respectively. Certain of the Properties are subject to financial performance covenants relating to debt-to-market capitalization, minimum earnings before interest, taxes, depreciation and amortization ("EBITDA") ratios and minimum equity values.

The Operating Partnership is currently in default on a loan where the Property's cash flow is insufficient to service the $40,700 loan (of which $6,600 is guaranteed and $34,100 is nonrecourse). The Property and its related debt were assumed during the Merger. The Operating Partnership is continuing negotiations with the lender.

COMMERCIAL MORTGAGE PASS-THROUGH CERTIFICATES

DeBartolo Capital Partnership ("DCP"), a Delaware general partnership whose interest is owned 100% by affiliated entities, holds commercial mortgage pass-through certificates in the face amount of $453,546 at December 31, 1996. The commercial mortgage pass-through certificates bear interest at fixed-rates from 7.59% to 9.24% (weighted average 8.12%) and are due in April 2001. The variable-rate certificates bear interest at LIBOR, subject to an interest rate swap agreement plus 56 basis points (5.31% at December 31, 1996), and are due in April 2001. The debt is secured by assets of 17 of the Wholly-Owned Properties, and the debt's commercial mortgage pass-through certificate covenants require DCP to fund into escrow reserves for renovations, repairs and maintenance and tenant allowances, and to maintain minimum debt service coverage ratios (as defined) and other restrictive covenants. DCP has obtained an extension to the cure period for a default related to one of the Properties. The default provisions relate solely to one individual Property and not to the remaining Properties in the Securitized Debt Financing pool. Management intends to complete the required changes within the extended cure period, which is expected to be extended to December 1998.

6 7/8% UNSECURED NOTES. The nonconvertible investment-grade unsecured debt securities (the "Notes") were issued on November 21, 1996. The Notes pay interest semiannually, mature in 2006, are guaranteed by SDG, LP and SPG, LP, and contain leverage ratios and minimum EBITDA and unencumbered EBITDA ratios. The Notes were issued under the Operating Partnership's $750,000 shelf registration which became effective in November 1996, of which $500,000 remains available.

6 3/4% PUTABLE ASSET TRUST SECURITIES (PATS). The PATS, issued December 1996, pay interest semiannually at 6.75% and mature in 2003. The notes, pursuant to Rule 144A under the Securities Act of 1933, are guaranteed by SPG, LP and contain leverage ratios and minimum EBITDA and unencumbered EBITDA ratios.

$500,000 SHELF REGISTRATION. SPG, LP has a $500,000 debt shelf registration which became effective in December 1995. At December 31, 1996, no securities have been issued under this registration statement.

VARIABLE-RATE DEBT

MORTGAGES AND OTHER NOTES. The variable-rate mortgage loans and other notes bear interest ranging from 5.31% to 7.59% (weighted average of 6.30% at December 31, 1996) and are due at various dates through 2002 (average maturity of 2.6 years). Certain of the Properties are subject to the collateral, cross-default and cross-collateral agreements, participation agreements or other covenants relating to debt-to-market capitalization, minimum EBITDA ratios and minimum equity values.

CREDIT FACILITY. On September 27, 1996, the Operating Partnership obtained a $750,000 three-year unsecured facility (the "Credit Facility") which has a one-year extension available at the option of the Operating Partnership. The Credit Facility bears interest at LIBOR plus 90 basis points and is guaranteed by the Operating Partnership. The maximum and average amounts outstanding during 1996 under the Credit Facility were $438,000 and $292,350, respectively. The Credit Facility is primarily used for funding acquisition, renovation and expansion and predevelopment opportunities. At December 31, 1996, the Credit Facility had an interest rate of 6.43%, with $510,000 available after outstanding borrowings and letters of credit. The Credit Facility contains financial covenants relating to a market capitalization value, minimum EBITDA and unencumbered EBITDA ratios and minimum equity values.

On January 31, 1997, the Operating Partnership completed a refinancing transaction involving debt on four Properties. The transaction consisted of the payoff of one loan totaling $43,375, the buyout of the contingent interest feature on all four loans for $21,000 and a restatement of the interest amount on the three remaining loans. This transaction was funded using the Credit Facility.

DEBT MATURITY AND OTHER

As of December 31, 1996, scheduled principal repayments on indebtedness were as follows:

1997	$ 49,829
1998	367,699
1999	476,255
2000	395,147
2001	659,950
Thereafter	1,720,645
Total principal maturities	3,669,525
Net unamortized debt premiums	12,459
Total mortgages and other notes payable	$ 3,681,984

Debt premiums and discounts are being amortized over the terms of the related debt instruments. Certain mortgages and notes payable may be prepaid but are generally subject to a prepayment of a yield-maintenance premium.

The unconsolidated partnerships and joint ventures have $1,121,804 and $410,652 of mortgages and other notes payable at December 31, 1996 and 1995, respectively. The Operating Partnership's share of this debt was $448,218 and $167,644 at December 31, 1996 and 1995, respectively. This debt becomes due in installments over various terms extending to January 1, 2006, with interest rates ranging from 5.72% to 9.52% (weighted average rate of 7.24% at December 31, 1996). The debt matures $15,224 in 1997, $177,168 in 1998, $261,980 in 1999, $79,446 in 2000, $66,683 in 2001 and $521,303 thereafter.

Net extraordinary losses of $3,521, $3,285 and $17,980 for the years ended December 31, 1996, 1995 and 1994, respectively, were incurred, resulting from the early extinguishment or refinancing of debt.

INTEREST RATE PROTECTION AGREEMENTS

The Operating Partnership has entered into certain interest rate protection agreements, in the form of "cap" or "swap" arrangements, with respect to the majority of its variable-rate mortgages and other notes payable. Cap arrangements, which effectively limit the amount by which variable interest rates may rise, have been entered into for $394,079 principal amount of debt and cap LIBOR at rates ranging from 5.0% to 8.7% through the related debt's maturity. Swap arrangements, which effectively fix the Operating Partnership's interest rate on the respective borrowings, have been entered into for $217,682 principal amount of debt, with various maturities through March 2001. Costs of the caps ($7,792) are amortized over the life of the agreements. The unamortized balance of the cap arrangements was $3,343 as of December 31, 1996. The Operating Partnership's hedging activity as a result of interest swaps and caps resulted in interest savings of $2,165 and $3,528 for the years ended December 31, 1996 and 1995, respectively. This did not materially impact the Operating Partnership's weighted average borrowing rate.

FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107 requires disclosure about fair value for all financial instruments. The carrying value of variable-rate mortgages and other loans and interest rate protection agreements represents their fair values. The fair value of fixed-rate mortgages and other notes payable was approximately $3,000,000 and $1,375,000 at December 31, 1996 and 1995, respectively. The fair value of the interest rate protection agreements at December 31, 1996 and 1995, was $5,616 and $3,900, respectively. At December 31, 1996 and 1995, the estimated discount rates were 7.25% and 7.00%, respectively.

9. RENTALS UNDER OPERATING LEASES

The Operating Partnership receives rental income from the leasing of retail and mixed-use space under operating leases. Future minimum rentals to be received under noncancelable operating leases for each of the next five years and thereafter, excluding tenant reimbursements of operating expenses and percentage rent based on tenant sales volume, as of December 31, 1996, are as follows:

1997	$ 475,751
1998	440,017
1999	398,641
2000	351,520
2001	303,979
Thereafter	1,190,176
	$ 3,160,084

Approximately 2.3% of future minimum rents to be received are attributable to leases with JCPenney Company, Inc., an affiliate of a limited partner in the Operating Partnership.

10. PARTNERS' EQUITY

On October 27, 1995, the Company completed a $100,000 private placement of 4,000,000 shares of Series A preferred stock. Dividends on the preferred stock are paid quarterly at the greater of 8.125% per annum or the dividend rate payable under the underlying common stock. The holders of the preferred stock have the right to convert the preferred stock into common stock after two years at an initial conversion ratio equal to 0.9524. The Company may redeem the preferred stock after five years upon payment of premiums that decline to $25.00 per share over the following seven years. The holders of the preferred stock are entitled to vote on all matters submitted to a vote of holders of common stock, based on the number of shares of common stock into which the preferred stock can be converted. The Company contributed the proceeds to the Operating Partnership in exchange for Preferred Units. The Operating Partnership pays a preferred distribution to the Company equal to the dividends paid on the preferred stock.

On December 21, 1995, a limited partner in the Operating Partnership exchanged 121,348 Units for 121,348 shares of common stock.

On September 27, 1996, the Company completed a $200,000 public offering (the "Preferred Offering") of 8,000,000 shares of Series B cumulative redeemable preferred stock, generating net proceeds of approximately $193,000. Dividends on the preferred stock are paid quarterly in arrears at 8.75% per annum. The Company may redeem the preferred stock any time on or after September 29, 2006, at a redemption price of $25.00 per share, plus accrued and unpaid dividends. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Company, which may include other series of preferred shares. The Company contributed the proceeds to the Operating Partnership in exchange for Preferred Units. The Operating Partnership pays a preferred distribution to the Company equal to the dividends paid on the preferred stock.

EXCHANGE RIGHTS

The former limited partners in the SPG, LP Partnership had the right at any time after December 1994 to exchange all or any portion of their Units for shares of common stock of the Company on a one-for-one basis or cash, as selected by the Company's Board of Directors. If the Company selects to use cash, the Company could cause SPG, LP to redeem the units. The amount of cash to be paid if the exchange right was exercised and the cash option was selected would have been based on the trading price of the Company's common stock at that time. In the periods when the Operating Partnership did not control whether cash would be used to settle the limited partners' exchange rights, the limited partners' equity interest was excluded from partners' equity and was reflected in the consolidated balance sheet at redemption value.

In connection with the merger, the Simon Operating Partnership agreement was amended eliminating the exchange right provision. However, the limited partners' in the SPG, LP exchanged their interest for limited partnership units in SDG, LP. SDG, LP extended rights to its limited partners' similar to the rights previously held by the limited partners of the SPG, LP. However, on November 13, 1996, an agreement was reached between the Company and SDG, LP which restricts the Company's ability to cause SDG, LP to redeem for cash the limited partners' units without contributing cash to SDG, LP as partners' equity sufficient to effect the redemption. If sufficient cash is not contributed, the Company will be deemed to have elected to acquire the limited partners' units for shares of the Company's common stock. As a result of these arrangements, the limited partners' equity interest in the Operating Partnership has been included as partners' equity at historical carrying value. Previous adjustments to exclude limited partners' equity interest from partners' equity have been reversed.

The Operating Partnership has the right to issue Units and Preferred Units under certain circumstances. As of December 31, 1996, the Company has reserved 60,974,050 shares of common stock for issuance upon the exchange of Units.

11. STOCK OPTION PLANS

The Company and the Operating Partnership adopted an Employee Stock Plan (the "Employee Plan"). The Company also adopted a Director Stock Option Plan (the "Director Plan" and, together with the Employee Plan, the "Stock Option Plans") for the purpose of attracting and retaining eligible officers, directors and employees. The Company has reserved for issuance 4,595,000 shares of common stock under the Employee Plan and 100,000 shares of common stock under the Director Plan. If stock options granted in connection with the Stock Option Plans are exercised at any time or from time to time, the partnership agreement requires the Company to sell to the Operating Partnership, at fair market value, shares of the Company's common stock sufficient to satisfy the exercised stock options. The Company also is obligated to purchase Units for cash in an amount equal to the fair market value of such shares.

EMPLOYEE PLAN

The Employee Plan is currently administered by the Company's Compensation Committee (the "Committee"). During the ten-year period following the adoption of the Employee Plan, the Committee may, subject to the terms of the Employee Plan and in certain instances subject to board approval, grant to key employees (including officers and directors who are employees) of the Operating Partnership or its "affiliates" (as defined in the Employee Plan) the following types of awards: stock options (including options with a reload feature), stock appreciation rights, performance units and shares of restricted or unrestricted common stock. Awards granted under the Employee Plan become exercisable over the period determined by the Committee. The exercise price of an option may not be less than the fair market value of the shares of the common stock on the date of grant. The options vest 40% on the first anniversary of the date of grant, an additional 30% on the second anniversary of the grant date and become fully vested three years after the grant date. The options expire ten years from the date of grant.

DIRECTOR PLAN

Directors of the Company who are not also employees of the Company or its "affiliates" (as defined in the Director Plan) participate in the Director Plan. Under the Director Plan, each eligible director is automatically granted options ("Director Options") to purchase 5,000 shares of common stock upon the director's initial election to the Board of Directors and 3,000 shares of common stock upon each reelection of the director to the Board of Directors. The exercise price of the options is equal to 100% of the fair market value of the Company's common stock on the date of grant. Director Options become exercisable on the first anniversary of the date of grant or at such earlier time as a "change in control" of the Company occurs and will remain exercisable through the tenth anniversary of the date of grant (the "Expiration Date"). Prior to their Expiration Dates, Director Options will terminate 30 days after the optionee ceases to be a member of the Board of Directors.

SFAS No. 123, "Accounting for Stock-Based Compensation," requires entities to measure compensation costs related to awards of stock-based compensation using either the fair value method or the intrinsic value method. Under the fair value method, compensation expense is measured at the grant date based on the fair value of the award. Under the intrinsic value method, compensation expense is equal to the excess, if any, of the quoted market price of the stock at the grant date over the amount the employee must pay to acquire the stock. Entities electing to measure compensation costs using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair value method had been applied. The Operating Partnership has elected to account for stock-based compensation programs using the intrinsic value method consistent with existing accounting policies and, therefore, the standard will not have an effect on the consolidated financial statements. The impact on pro forma net income and earnings per share as a result of applying the intrinsic value method was not material.

Information relating to the Stock Option Plans from January 1, 1994 through December 31, 1996 is as follows:

	DIRECTOR PLAN		EMPLOYEE PLAN	
	OPTIONS	OPTION PRICE PER SHARE	OPTIONS	OPTION PRICE PER SHARE
SHARES UNDER OPTION AT JANUARY 1, 1994	25,000	$ 22.25	735,000	$ 22.25
GRANTED	15,000	27.00	1,363,272	23.44 - 25.25
EXERCISED	-	-	-	-
FORFEITED	-	-	(28,125)	23.44
SHARES UNDER OPTION AT DECEMBER 31, 1994	40,000	22.25 - 27.00	2,070,147	22.25 - 25.25
GRANTED	15,000	24.94 (1)	-	-
EXERCISED	-	-	(6,876)	23.44
FORFEITED	-	-	(49,137)	23.44 - 25.25
SHARES UNDER OPTION AT DECEMBER 31, 1995	55,000	$22.25 - 27.00	2,014,134	$22.25 - 25.25
GRANTED	40,000	24.37 (1)	-	-
EXERCISED	(5,000)	24.75	(367,151)	24.88 - 30.75
FORFEITED	-	-	(24,000)	23.44 - 25.25
SHARES UNDER OPTION AT DECEMBER 31, 1996	90,000	$22.25 - 27.38	1,622,983	$22.25 - 25.25
OPTIONS EXERCISABLE AT DECEMBER 31, 1996	50,000	$24.59 (1)	1,496,117	$22.97 (1)
SHARES AVAILABLE FOR GRANT AT DECEMBER 31, 1996	5,000		1,597,990	

(1) Represents the average price.

STOCK INCENTIVE PROGRAMS

Two stock incentive programs are currently in effect.

In October 1994, under the Employee Plan of the Company and the Operating Partnership, the Company's Compensation Committee approved a five-year stock incentive program (the "Stock Incentive Program"), under which restricted stock award shares have been granted to certain employees at no cost. The outstanding restricted stock award shares vest in four installments of 25% each on January 1 of each year following the year in which the restricted shares are awarded. The cost of restricted stock awards, based on the stock's fair market value at the determination dates, is charged to shareholders' equity and subsequently amortized against earnings of the Operating Partnership over the vesting period.

In March 1995, an aggregate of 1,000,000 shares of restricted stock was allocated to 50 executives, subject to the performance standards and other terms of the Stock Incentive Program. During 1996 and 1995, 200,030 and 144,196 shares of common stock, respectively, were granted under the Stock Incentive Program. Approximately $2,084 and $918 relating to this program were amortized in 1996 and 1995, respectively.

Under the terms of the second stock incentive plan, which was originated by DRC prior to the Merger (the "DRC Plan"), 2,108,000 shares of common stock are available for grant, subject to certain performance standards and other terms of the plan. A total of 1,865,240 shares of common stock have been approved by the Compensation Committee of the Board of Directors. The DRC Plan was recently amended so that its terms and conditions are substantially the same as those of the Stock Incentive Program.

12. EMPLOYEE BENEFIT PLANS

The Operating Partnership and affiliated entities currently maintain two tax-qualified retirement 401(k) savings plans. The second plan is in place as a result of the Merger. The two plans will be merged into one plan effective in 1997. Under the plans, eligible employees can participate in a cash or deferred arrangement permitting them to defer up to a maximum of 12% of their compensation, subject to certain limitations. Participants' salary deferrals are matched at specified percentages, and one plan provides annual contributions of 3% of eligible employees' compensation. The Operating Partnership contributed $2,350, $1,716 and $1,628 to the plans in 1996, 1995 and 1994, respectively.

Except for the 401(k) plans, the Operating Partnership offers no other postretirement or postemployment benefits to its employees.

13. COMMITMENTS AND CONTINGENCIES

LITIGATION

CARLO ANGOSTINELLI ET AL. V. DEBARTOLO REALTY CORP. ET AL. On October 16, 1996, a complaint was filed in the Court of Common Pleas of Mahoning County, Ohio, captioned Carlo Angostinelli et al. v. DeBartolo Realty Corp. et al. The named defendants are SD Property Group, Inc., a 99%-owned subsidiary of the Company, and DeBartolo Properties Management, Inc., and the plaintiffs are 27 former employees of the defendants. In the complaint, the plaintiffs allege that they were recipients of deferred stock grants under the DRC Plan and that these grants immediately vested under the DRC Plan's "change in control" provision as a result of the Merger. Plaintiffs assert that the defendants' refusal to issue them approximately 661,000 shares of DRC common stock, which is equivalent to approximately 450,000 shares of common stock of the Company computed at the 0.68 Exchange Ratio used in the Merger, constitutes a breach of contract and a breach of the implied covenant of good faith and fair dealing under Ohio law. Plaintiffs seek damages equal to such number of shares of DRC common stock, or cash in lieu thereof, equal to all deferred stock ever granted to them under the DRC Plan, dividends on such stock from the time of the grants, compensatory damages for breach of the implied covenant of good faith and fair dealing, and punitive damages.

The complaint was served on the defendants on October 28, 1996, and pretrial proceedings have just commenced. The Company is of the opinion that it has meritorious defenses and accordingly intends to defend this action vigorously. While it is difficult for the Company to predict the outcome of this litigation at this stage based on the information known to the Company to date, the Company does not expect this action will have a material adverse effect on the Company.

ROEL VENTO ET AL. V. TOM TAYLOR ET AL. An affiliate of the Company is a defendant in litigation entitled Roel Vento et al. v. Tom Taylor et al., in the District Court of Cameron County, Texas, in which a judgment in the amount of $7,800 has been entered against all defendants. This judgment includes approximately $6,500 of punitive damages and is based upon a jury's findings on four separate theories of liability including fraud, intentional infliction of emotional distress, tortuous interference with contract and civil conspiracy arising out of the sale of a business operating under a temporary license agreement at Valle Vista Mall, in Harlingen, Texas. The Company is seeking to overturn the award and has appealed the verdict. Although the Company is optimistic that it may be able to reverse or reduce the verdict, there can be no assurance thereof. Management, based upon the advice of counsel, believes that the ultimate outcome of this action will not have a material adverse effect on the Company.

The Operating Partnership currently is not subject to any other material litigation other than routine litigation and administrative proceedings arising in the ordinary course of business. On the basis of consultation with counsel, management believes that these items will not have a material adverse impact on the Operating Partnership 's financial position or results of operations.

FINANCING COMMITMENTS

The Operating Partnership has agreed to equity funding commitments of $14,000 and $31,103 relating to the construction of Grapevine Mills and The Source , respectively. The Operating Partnership had satisfied $24,241 of its commitment on The Source at December 31, 1996.

LEASE COMMITMENTS

As of December 31, 1996, a total of 29 of the Properties are subject to ground leases. The termination dates of these ground leases range from 1998 to 2087. These ground leases generally require payments by the Operating Partnership of a fixed annual rent, or a fixed annual rent plus a participating percentage over a base rate. Ground lease expense incurred by the Operating Partnership for the years ended December 31, 1996, 1995 and 1994, was $8,506, $6,700 and $5,808, respectively.

Future minimum lease payments due under such ground leases for each of the next five years ending December 31 and thereafter are as follows:

1997	$ 6,153
1998	6,146
1999	6,152
2000	6,162
2001	6,057
Thereafter	364,756
	$ 395,426

ENVIRONMENTAL MATTERS

Substantially all of the Properties have been subjected to Phase I environmental audits. Such audits have not revealed nor is management aware of any environmental liability that management believes would have a material adverse impact on the Operating Partnership's financial position or results of operations. Management is unaware of any instances in which it would incur significant environmental costs if any or all Properties were sold, disposed of or abandoned.

OTHER

The Operating Partnership's partner in Rolling Oaks Mall has the right to transfer its ownership interest to the Operating Partnership in exchange for Units based on the fair market value of the ownership interest at the time of the exchange. This right expires on January 1, 2002. Rolling Oaks Mall is a Joint Venture Property accounted for using the equity method of accounting.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly 1996 and 1995 data is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1996					
Total revenue	$ 139,444	$ 143,761	$ 202,436	$ 262,063	$ 747,704
Operating income	61,073	63,051	82,715	124,673	331,512
Income before extraordinary items	21,271	21,934	20,296	51,426	114,927
Net income available to unitholders	21,536	21,937	24,085	50,890	118,448
Net income before extraordinary items per unit	0.23	0.23	0.20	0.33	1.02
Net income per unit	$ 0.23	$ 0.23	$ 0.18	$ 0.32	$ 0.99
1995					
Total revenue	$ 129,490	$ 130,765	$ 138,042	$ 155,360	$ 553,657
Operating income	58,865	58,115	64,191	69,965	251,136
Income before extraordinary items	22,207	23,528	26,946	27,334	100,015
Net income available to unitholders	22,207	23,280	24,310	26,933	96,730
Net income before extraordinary items per unit	0.26	0.25	0.28	0.29	1.08

Net income per unit	$	0.26	$	0.25	$	0.25	$	0.28	$	1.04

Primarily due to the cyclical nature of earnings available for units and the issuance of 37,873,965 additional units in connection with the Merger, the sum of the quarterly earnings per unit in 1996 varies from the annual earnings per unit .

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Simon DeBartolo Group, Inc.:

We have audited the accompanying consolidated balance sheets of SIMON PROPERTY GROUP, L.P. (a Delaware limited partnership) and subsidiaries as of December 31, 1996 and 1995, and the related consolidated statements of operations, partners' equity (deficit) and cash flows for the years ended December 31, 1996, 1995 and 1994. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Simon Property Group, L.P. and subsidiaries as of December 31, 1996 and 1995, and the consolidated results of their operations and their cash flows for the years ended December 31, 1996, 1995 and 1994, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana
February 18, 1997

BALANCE SHEETS
SIMON PROPERTY GROUP, L.P. CONSOLIDATED

(Dollars in thousands, except per unit amounts)

	December 31, 1996	December 31, 1995
ASSETS:		
Investment properties, at cost	$ 2,467,779	$ 2,162,161
Less-- accumulated depreciation	238,167	152,817
	2,229,612	2,009,344
Cash and cash equivalents	50,009	62,721
Tenant receivables and accrued revenue, net	136,496	144,400
Notes receivable from Management Company	63,978	102,522
Investment in partnerships and joint ventures, at equity	139,711	117,332
Deferred costs, net	84,295	81,398
Other assets	45,370	30,985
Minority interest	9,712	7,734
Total assets	$ 2,759,183	$ 2,556,436
LIABILITIES:		
Mortgages and other notes payable	$ 2,042,254	$ 1,980,759
Advances from Simon DeBartolo Group, L.P.	259,382	--
Accounts payable and accrued expenses	113,027	113,131
Accrued distributions	--	48,594
Cash distributions and losses in partnerships and joint ventures, at equity	17,106	54,120
Investment in Management Company and affiliates	18,519	20,612
Minority interest	12,128	--
Other liabilities	42,139	19,582
Total liabilities	2,504,555	2,236,798
COMMITMENTS AND CONTINGENCIES (Note 13)		
LIMITED PARTNERS' EQUITY INTEREST, 0 and 37,282,628 units outstanding, respectively, at redemption value (Note 10)	--	908,764
PARTNERS' EQUITY (DEFICIT) (Notes 3 and 10):		
Preferred units, 4,000,000 units authorized, issued and outstanding	99,923	99,923
General Partner, 958,429 and 58,360,195 units outstanding, respectively	1,601	135,710
Special Limited Partner, 95,356,834 and 0 units outstanding, respectively	158,458	--
Adjustment to reflect Limited Partners' equity interest at redemption value	--	(822,072)
Unamortized restricted stock award	(5,354)	2,687
Total partners' equity (deficit)	254,628	(589,126)
Total liabilities and partners' equity (deficit)	$ 2,759,183	$ 2,556,436

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF OPERATIONS
SIMON PROPERTY GROUP, L.P. CONSOLIDATED

(Dollars in thousands, except per unit amounts)

	For the Year Ended December 31,		
	1996	1995	1994
REVENUE:			
Minimum rent	$ 339,120	307,857	255,716
Overage rent	23,300	23,278	25,463
Tenant reimbursements	194,507	192,994	163,588
Other income	34,977	29,528	28,809
Total revenue	591,904	553,657	473,676
EXPENSES:			
Property operating	104,643	96,851	85,672
Depreciation and amortization	108,435	92,739	75,945
Real estate taxes	55,597	53,941	44,502
Repairs and maintenance	25,361	24,614	22,940
Advertising and promotion	21,119	18,888	17,000
Provision for credit losses	2,991	2,858	3,417
Other	12,937	12,630	9,902
Total operating expenses	331,083	302,521	259,378
OPERATING INCOME	260,821	251,136	214,298
INTEREST EXPENSE	162,485	150,224	122,980
NON-RECURRING INTEREST EXPENSE	--	--	27,184
INCOME BEFORE MINORITY INTEREST	98,336	100,912	64,134
MINORITY INTEREST	(2,748)	(2,681)	(3,759)
GAIN ON SALE OF ASSETS, NET	88	1,871	--
INCOME BEFORE UNCONSOLIDATED ENTITIES	95,676	100,102	60,375
INCOME (LOSS) FROM UNCONSOLIDATED ENTITIES	5,223	1,403	(67)
INCOME BEFORE EXTRAORDINARY ITEMS	100,899	101,505	60,308
EXTRAORDINARY ITEMS	(3,723)	(3,285)	(17,980)
NET INCOME	97,176	98,220	42,328
PREFERRED UNIT REQUIREMENT	8,125	1,490	--
NET INCOME AVAILABLE TO UNITHOLDERS	$ 89,051	$ 96,730	$ 42,328
NET INCOME AVAILABLE TO UNITHOLDERS ATTRIBUTABLE TO:			
General Partner	$ 31,125	$ 57,781	$ 23,377
Limited Partners	57,926	38,949	18,951
	$ 89,051	$ 96,730	$ 42,328
EARNINGS PER UNIT:			
Income before extraordinary items	$ 0.97	$ 1.08	$ 0.71
Extraordinary items	(0.04)	(0.04)	(0.21)
Net income	$ 0.93	$ 1.04	$ 0.50

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF PARTNERS' EQUITY (DEFICIT)
SIMON PROPERTY GROUP, L.P. CONSOLIDATED

(Dollars in thousands)

	PREFERRED UNITS	GENERAL PARTNER	SPECIAL LIMITED PARTNER	UNAMORTIZED RESTRICTED STOCK AWARD	TOTAL PARTNERS' EQUITY	LIMITED PARTNERS' EQUITY INTEREST
BALANCE AT DECEMBER 31, 1993	$ --	($791,820)	$ --	$ --	$(791,820)	$848,373
General Partner Contributions (7,462,445 units)		164,334			164,334	
Adjustment to allocate net equity		(69,650)			(69,650)	69,650
Adjustment to reflect limited partners' equity interest at Redemption Value (Note 10)		(43,579)			(43,579)	43,579
Net income		23,377			23,377	18,951
Distributions		(90,275)			(90,275)	(71,247)
BALANCE AT DECEMBER 31, 1994	--	(807,613)	--	--	(807,613)	909,306
General Partner Contributions (9,470,977 units)		216,545			216,545	
Limited Partners' Contributions (120,000 units)					--	(16,869)
Preferred unit contributions, net of issuance costs (4,000,000 units)	99,923				99,923	
Acquisition of Limited Partners' interest and other [333,462 and (334,522) units, respectively]		5,036			5,036	(301)
Stock incentive program (143,311 units)		3,608		(3,605)	3	
Amortization of stock incentive				918	918	
Adjustment to allocate net equity		(94,035)			(94,035)	94,035
Adjustment to reflect limited partners' equity interest at Redemption Value (Note 10)		42,848			42,848	(42,848)
Net income		59,271			59,271	38,949
Distributions		(112,022)			(112,022)	(73,508)
BALANCE AT DECEMBER 31, 1995	99,923	(686,362)	--	(2,687)	(589,126)	908,764
Transfer of limited partners' interest to equity at Historical Value (Note 10)		822,072	86,692		908,764	(908,764)
	99,923	135,710	86,692	(2,687)	319,638	--
Unit issuances (472,410 units)			275		275	
Stock incentive program (200,030 units)		4,751		(4,751)	--	
Amortization of stock incentive				2,084	2,084	
Adjustment to allocate net equity		(102,897)	102,897		--	
Net income	8,125	31,125	57,926		97,176	
Distributions	(8,125)	(67,026)	(89,332)		(164,483)	
Other		(62)			(62)	
BALANCE AT DECEMBER 31, 1996	$99,923	$ 1,601	$158,458	$ (5,354)	$ 254,628	

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

STATEMENTS OF CASH FLOWS
SIMON PROPERTY GROUP, L.P. CONSOLIDATED

(Dollars in thousands)

	For the Year Ended December 31,		
	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 97,176	$ 98,220	$ 42,328
Adjustments to reconcile net income to net cash provided by operating activities--			
Depreciation and amortization	116,846	101,262	83,196
Loss on extinguishments of debt	3,723	3,285	17,980
Gain on sale of assets, net	(88)	(1,871)	--
Straight-line rent	(469)	(1,126)	(4,326)
Minority interest	2,748	2,681	3,759
Equity in income of unconsolidated entities	(5,223)	(1,403)	67
Changes in assets and liabilities--			
Tenant receivables and accrued revenue	7,501	5,502	(3,908)
Deferred costs and other assets	(13,736)	(14,290)	1,099
Accounts payable, accrued expenses and other liabilities	(3,537)	2,076	(12,172)
Net cash provided by operating activities	204,941	194,336	128,023
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisitions	(43,941)	(32,547)	(227,312)
Capital expenditures	(151,842)	(98,220)	(42,765)
Cash from acquisitions and consolidation of joint ventures	2,033	4,346	8,924
Proceeds from sale of assets	399	2,550	--
Investments in unconsolidated entities	(57,281)	(77,905)	(1,056)
Distributions from unconsolidated entities	35,754	6,214	5,842
Investments in and advances to/(from) Management Company	38,544	(27,117)	(10,405)
Net cash used in investing activities	(176,334)	(222,679)	(266,772)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from public offering, net	(62)	--	--
Advances from affiliate	259,382	--	--
Minority interest distributions	(4,755)	(3,680)	(2,148)
Partnership contributions	--	242,377	106,773
Partnership distributions	(213,078)	(177,726)	(120,711)
Mortgage and other note proceeds, net of transaction costs	936,051	456,520	405,430
Mortgage and other note principal payments	(1,018,857)	(531,566)	(256,081)
Net cash provided by (used in) financing activities	(41,319)	(14,075)	133,263
DECREASE IN CASH AND CASH EQUIVALENTS	(12,712)	(42,418)	(5,486)
CASH AND CASH EQUIVALENTS, beginning of period	62,721	105,139	110,625
CASH AND CASH EQUIVALENTS, end of period	$ 50,009	$ 62,721	$ 105,139

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE STATEMENTS.

1. ORGANIZATION

Simon DeBartolo Group, Inc. (the "Company"), formerly known as Simon Property Group, Inc., is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended. On August 9, 1996, the Company acquired the national shopping center business of DeBartolo Realty Corporation ("DRC"), The Edward J. DeBartolo Corporation and their affiliates as the result of the Merger described in Note 3.

As of December 31, 1996, Simon Property Group, L.P. ("SPG, LP" or the "Simon Operating Partnership") was a subsidiary partnership of Simon DeBartolo Group, L.P. ("SDG, LP"). The Simon Operating Partnership, is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1996, the Simon Operating Partnership owns or holds an interest in 124 income-producing properties, which consist of 63 regional malls, 54 community shopping centers, three specialty retail centers, three mixed-use properties and one value-oriented super-regional mall in 30 states (the "Properties"). The Simon Operating Partnership also owns interests in two specialty retail centers and two value-oriented super-regional malls five parcels of land held for future development. The Simon Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"). See Note 7 for a description of the activities of the Management Company.

The Simon Operating Partnership is subject to risks incidental to the ownership and operation of commercial real estate. These include, among others, the risks normally associated with changes in the general economic climate, trends in the retail industry, creditworthiness of tenants, competition for tenants, changes in tax laws, interest rate levels, the availability of financing, and potential liability under environmental and other laws. Like most retail properties, the Simon Operating Partnership's regional malls and community shopping centers rely heavily upon anchor tenants. As of December 31, 1996, 131 of the approximately 438 anchor stores in the Properties were occupied by JCPenney Company, Inc., Sears Roebuck & Co. and Dillard Department Stores, Inc. An affiliate of JCPenney Company, Inc. is a limited partner in the Simon Operating Partnership. In addition, the Chief Operating Officer of Dillard Department Stores, Inc. is a director of the Company.

2. BASIS OF PRESENTATION

The accompanying consolidated financial statements of the Simon Operating Partnership include the accounts of all entities owned or controlled by the Simon Operating Partnership. All significant intercompany amounts have been eliminated. The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses during the reported periods. Actual results could differ from these estimates.

Properties which are wholly-owned ("Wholly-Owned Properties") or owned less than 100% and are controlled by the Simon Operating Partnership ("Minority Interest Properties") have been consolidated. Control is demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the partnership without the consent of the limited partner and the inability of the limited partner to replace the general partner. Investments in partnerships and joint ventures which represent noncontrolling 14.7% to 50.0% ownership interests (" Joint Venture Properties") and the investment in the Management Company (see Note 7) are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions.

Effective April 1, 1994, the Simon Operating Partnership demonstrated its ability to control the operating activities of The Forum Shops at Caesars ("Forum"). Subsequent to April 1, 1994, Forum is included in the accompanying financial statements using the consolidated method of accounting. Prior to the demonstration of control, Forum was reflected in the accompanying financial statements using the equity method of accounting.

Effective July 1, 1995, the Simon Operating Partnership relinquished its ability to solely direct certain activities related to the control of North East Mall. As a result, the Property was no longer consolidated.

Net operating results of the Simon Operating Partnership are allocated after preferred distributions (see Note 10), based on its partners' ownership interests. The Company's direct and indirect weighted average ownership interest in the Simon Operating Partnership during 1996, 1995 and 1994 was 61.0%, 60.3% and 55.6%, respectively. At December 31, 1996 and 1995, the Company's ownership interest was 60.8% and 61.0%, respectively.

The following schedule identifies each Property included in the accompanying consolidated financial statements and the method of accounting utilized for each Property as of December 31, 1996:

CONSOLIDATED METHOD:
- --------------------

REGIONAL MALLS

ALTON SQUARE
AMIGOLAND MALL
ANDERSON MALL
BARTON CREEK SQUARE
BATTLEFIELD MALL
BROADWAY SQUARE
CENTURY MALL
CHARLES TOWNE SQUARE
CIELO VISTA MALL
COLLEGE MALL
COTTONWOOD MALL
CROSSROADS MALL
EAST TOWNE MALL
EASTGATE CONSUMER MALL
EASTLAND MALL
FOREST MALL
FOREST VILLAGE PARK MALL
FREMONT MALL
GOLDEN RING MALL
GREENWOOD PARK MALL
NORTH TOWNE SQUARE
HERITAGE PARK MALL
HUTCHINSON MALL
INDEPENDENCE CENTER
INGRAM PARK MALL
IRVING MALL
JEFFERSON VALLEY MALL
LA PLAZA MALL
LINCOLNWOOD TOWN CENTER
LONGVIEW MALL
MACHESNEY PARK MALL
MARKLAND MALL
MCCAIN MALL
MEMORIAL MALL
MIDLAND PARK MALL
MILLER HILL MALL
MOUNDS MALL
MUNCIE MALL
NORTH EAST MALL
NORTHWOODS MALL
ORANGE PARK MALL
PRIEN LAKE MALL
ROSS PARK MALL
ST. CHARLES TOWNE CENTER
SOUTH PARK MALL
SOUTHGATE MALL
SOUTHTOWN MALL
SUNLAND PARK MALL
TIPPECANOE MALL
TOWNE EAST SQUARE
TOWNE WEST SQUARE
UNIVERSITY MALL (ARKANSAS)
UNIVERSITY MALL (FLORIDA)
VALLE VISTA MALL
WEST RIDGE MALL
WHITE OAKS MALL
WICHITA MALL
WINDSOR PARK MALL

SPECIALTY RETAIL CENTERS

FORUM SHOPS AT CAESARS, THE
TROLLEY SQUARE

MIXED-USE PROPERTIES

O'HARE INTERNATIONAL CENTER
RIVERWAY

COMMUNITY CENTERS

ARVADA PLAZA
AURORA PLAZA
BLOOMINGDALE COURT
BRIDGEVIEW COURT
BRIGHTWOOD PLAZA
BRISTOL PLAZA
BUFFALO GROVE TOWNE CENTER
CELINA PLAZA
COHOES COMMONS
COUNTRYSIDE PLAZA
EAST TOWNE COMMONS
EASTLAND PLAZA
FOREST PLAZA
FOX RIVER PLAZA
GREENWOOD PLUS
GRIFFITH PARK PLAZA
HAMMOND SQUARE
INGRAM PLAZA
LAKE PLAZA
LAKE VIEW PLAZA
LINCOLN CROSSING
MAPLEWOOD SQUARE
MARKLAND PLAZA
MARTINSVILLE PLAZA
MARWOOD PLAZA
MATTESON PLAZA
MEMORIAL PLAZA
MOUNDS MALL CINEMA
NEW CASTLE PLAZA
NORTH RIDGE PLAZA
NORTH RIVERSIDE PARK PLAZA
NORTHLAND PLAZA
NORTHWOOD PLAZA
PARK PLAZA
REGENCY PLAZA
ST. CHARLES TOWNE PLAZA
TEAL PLAZA
TIPPECANOE PLAZA
WABASH VILLAGE
WEST RIDGE PLAZA
WHITE OAKS PLAZA
WOOD PLAZA

EQUITY METHOD:

REGIONAL MALLS	COMMUNITY CENTERS	VALUE-ORIENTED SUPER-REGIONAL MALL
Circle Centre	Cobblestone Court	Ontario Mills
Lakeline Mall	Crystal Court	
Rolling Oaks Mall	Fairfax Court	MIXED-USE PROPERTY
Seminole Towne Center	Gaitway Plaza	The Fashion Centre at Pentagon City
Smith Haven Mall	Plaza at Buckland Hills, The	
	Ridgewood Court	SPECIALTY RETAIL CENTER
	Royal Eagle Plaza	The Tower Shops
	Village Park Plaza	
	West Town Corners	
	Westland Park Plaza	
	Willow Knolls Court	
	Yards Plaza, The	

The deficit minority interest balance in the accompanying Consolidated Balance Sheets represents outside partners' interests in the net equity of certain Properties. Deficit minority interests were recorded when a partnership agreement provided for the settlement of deficit capital accounts before distributing the proceeds from the sale of partnership assets and/or from the intent (legal or otherwise) and ability of the partner to fund additional capital contributions.

3. MERGERS AND REAL ESTATE ACQUISITIONS AND DEVELOPMENTS

MERGERS

DRC. On August 9, 1996, the Company acquired the national shopping center business of DRC (the "Merger") for an aggregate value of $3.0 billion. The acquired portfolio consisted of 49 regional malls, 11 community centers and one mixed-use Property. These Properties included 47,052,267 square feet of retail space gross leasable area ("GLA") and 558,636 of office GLA. Pursuant to the Merger, the Company acquired all the outstanding common stock of DRC (55,712,529 shares), at an exchange ratio of 0.68 share of the Company's common stock for each share of DRC common stock (the "Exchange Ratio"). A total of 37,873,965 shares of the Company's common stock was issued by the Company, to the DRC shareholders. DRC and the acquisition subsidiary merged. DRC became a 99.9% subsidiary of the Company and changed its name to SD Property Group, Inc. This portion of the transaction was valued at approximately $923,179, based upon the number of DRC shares of common stock acquired (55,712,529 shares), the Exchange Ratio and the last reported sales price of the Company's common stock on August 9, 1996 ($24.375). In connection therewith, the Company changed its name to Simon DeBartolo Group, Inc.

In connection with the Merger, the general and limited partners of SPG, LP contributed 49.5% (47,442,212 units of partnership interest) of the total outstanding units of partnership interest ("Units") in SPG, LP to the operating partnership of DRC, DeBartolo Realty Partnership, L.P. ("DRP, LP") in exchange for 47,442,212 Units of partnership interest in DRP, LP, whose name was changed to Simon DeBartolo Group, L.P. ("SDG, LP"). The Company retained a 50.5% partnership interest (48,400,641 Units) in SPG, LP but assigned its rights to receive distributions of profits on 49.5% (47,442,212 Units) of the outstanding Units of partnership interest in SPG, LP to SDG, LP. The limited partners of DRP, LP approved the contribution made by the partners of SPG, LP and simultaneously exchanged their 38.0% (34,203,623 Units) partnership interest in DRP, LP, adjusted for the Exchange Ratio, for a smaller partnership interest in SDG, LP. The exchange of the limited partners' 38.0% partnership interest in DRP, LP for Units of SDG, LP has been accounted for as an acquisition of minority interest by the Company and is valued based on the estimated fair value of the consideration issued (approximately $566,900). The Units of SDG, LP may under certain circumstances be exchangeable for common stock of the Company on a one-for-one basis. Therefore, the value of the acquisition of the DRP, LP limited partners' interest acquired was based upon the number of DRP, LP Units exchanged (34,203,623), the Exchange Ratio and the last reported sales price per share of the Company's common stock on August 9, 1996 ($24.375). The limited partners of SPG, LP received a 23.7% partnership interest in SDG, LP (37,282,628 Units) for the contribution of their 38.9% partnership interest in SPG, LP (37,282,628 Units) to SDG, LP. The interests transferred by the partners of SPG, LP to DRP, LP have been appropriately reflected at historical costs.

Upon completion of the Merger, the Company became a general partner of SDG, LP with 36.9% (57,605,796 Units) of the outstanding partnership Units in SDG, LP and became through SD Property Group, Inc. the managing general partner of SDG, LP with 24.3% (37,873,965 Units in SPG, LP) of the outstanding partnership Units in SDG, LP. The Company remained the sole general partner of SPG, LP with 1% of the outstanding partnership Units (958,429 Units) and 49.5% interest in the capital of SPG, LP, and SDG, LP became the special limited partner in SPG, LP with 49.5% (47,442,212 Units) of the outstanding partnership Units in SPG, LP and an additional 49.5% interest in the profits of SPG, LP. SPG, LP did not acquire any interest in SDG, LP. Upon completion of the Merger, the Company directly and indirectly owned a controlling 61.2% (95,479,761 Units) partnership interest in SDG, LP.

For financial reporting purposes, the completion of the Merger resulted in a reverse acquisition by the Company, using the purchase method of accounting, directly or indirectly, of 100% of the net assets of DRP, LP for consideration valued at $1.5 billion, including related transaction costs. The purchase price has been allocated to the fair value of the assets and liabilities of DRP, LP at December 31, 1996. Certain assumptions were made which management of the General Partners believes are reasonable. Final adjustments to the purchase price allocation were not completed at December 31, 1996. While no material changes to the allocation are anticipated, changes will be recorded in 1997.

Although the Company was the accounting acquirer, SDG, LP (formerly DRP, LP) became the primary operating partnership through which the future business of the Company will be conducted. As a result of the Merger, the Company's initial operating partnership, SPG, LP, became a subsidiary of SDG, LP with 99% of the profits allocable to SDG, LP and 1% of the profits allocable to the Company. Cash flow allocable to the Company's 1% profit interest in SDG, LP is absorbed by public company costs and related expenses incurred by the Company. However, because the Company was the accounting acquirer and, upon completion of the Merger, acquired majority control of SDG, LP; SPG, LP is the predecessor to SDG, LP for financial reporting purposes. Accordingly, the financial statements of SDG, LP for the post-Merger periods reflect the reverse acquisition of DRP, LP by the Company using the purchase method of accounting and for all pre-Merger comparative periods, and the financial statements of SDG, LP reflect the financial statements of SPG, LP as the predecessor to SDG, LP for financial reporting purposes.

It is currently expected that subsequent to the first anniversary of the date of the Merger, reorganizational transactions will be effected so that SDG, LP will directly own all of the assets and partnership interests now owned by SPG, LP. However, there can be no assurance that such reorganizational transactions will be so effected.

MSA REALTY CORPORATION ("MSAR"). On September 1, 1994, the Company issued an additional 1,799,945 shares of common stock in conjunction with the merger of MSAR. Each outstanding share of MSAR common stock as of August 31, 1994, was converted into 0.31 shares of the Company's common stock. The acquisition price, including related transaction costs, was $48,031. The Company's investment in MSAR was contributed to the Simon Operating Partnership for 1,799,945 Units, which increased the Company's ownership of the Simon Operating Partnership by 1.0% to 56.4%. As a result of the acquisition, the Simon Operating Partnership now owns 100% of fourteen centers in which it previously held a 50% interest and substantially all of the ownership interest in one community shopping center in which it held a minority interest. In addition, the Simon Operating Partnership obtained a noncontrolling 50% interest in a regional mall. This transaction was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $26,507 was allocated to investment properties. The Simon Operating Partnership's interest in the assets and liabilities of these centers prior to this transaction is reflected at predecessor cost. Subsequent to September 1, 1994, each of the Properties involved in this merger was accounted for using the consolidated method of accounting.

ACQUISITIONS AND DEVELOPMENTS

INDEPENDENCE CENTER. On December 1, 1994, the Simon Operating Partnership acquired Independence Center in Independence, Missouri. Included in the purchase are approximately 47 acres of undeveloped land adjacent to the mall. Under the terms of the sale, the Simon Operating Partnership paid $51,413, including transaction costs, funded through the use of the Simon Operating Partnership's credit facilities.

BROADWAY SQUARE, ORANGE PARK MALL AND UNIVERSITY MALL. On December 29, 1994, the Simon Operating Partnership acquired Broadway Square in Tyler, Texas; Orange Park Mall in Jacksonville, Florida; and University Mall in Pensacola, Florida. Under the terms of the sale, the Simon Operating Partnership paid $153,874, including transaction costs, funded through the use of the Simon Operating Partnership's credit facilities. Included in the purchase price were approximately 14 acres and 10 acres of undeveloped land adjacent to Orange Park Mall and University Mall, respectively.

WHITE OAKS MALL. At the time of the Company's initial public offering in December 1993, the Teacher's Retirement System of the State of Illinois ("TRS") held an option to put its 50% general and limited partnership interests in White Oaks Mall in Springfield, Illinois, to the Simon Operating Partnership. TRS exercised this option on January 23, 1995, and the purchase closed February 23, 1995. The Units which TRS received upon exercise of the options were exchanged for 2,022,247 shares of common stock of the Company. The Simon Operating Partnership now owns 77% of White Oaks Mall. The issuance of the additional shares increased the Company's ownership interest in the Simon Operating Partnership by 1.0% to 57.6%. The White Oaks Mall transaction, valued at $45,000, was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $10,905 was allocated to investment properties. The Simon Operating Partnership's interest in the assets and liabilities of this Property prior to this transaction is reflected at predecessor cost. Effective February 23, 1995, White Oaks Mall was being accounted for in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

CROSSROADS MALL. Prior to July 31, 1995, the Simon Operating Partnership held a 50% joint venture interest in Crossroads Mall in Omaha, Nebraska. On July 31, 1995, the Simon Operating Partnership acquired the remaining 50% ownership in the Property from Melvin Simon, Herbert Simon, and certain of their affiliates (collectively, the "Simons") in exchange for 120,000 Units. The acquisition was reflected at predecessor cost. Concurrent with the acquisition, a debt restructuring was completed which included the issuance of 1,200,000 shares of common stock of the Company to the lender (New York State Teachers' Retirement System) in exchange for a $30,000 reduction of the outstanding loan balance which included accrued interest. In addition, the effective interest rate on the remaining balance of $41,400 was reduced from 10.5% to 7.75%. The loan matures on July 31, 2002. Effective July 31, 1995, Crossroads Mall was included in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

THE SHOPS AT SUNSET PLACE. On August 15, 1995, the Simon Operating Partnership acquired for $11,406 a controlling 75% joint venture interest in a redevelopment project to be named "The Shops at Sunset Place" in South Miami, Florida, using borrowings from its unsecured revolving credit facility. The Simon Operating Partnership began construction on this 500,000 square foot development property in November 1996, and it is scheduled for completion in 1998. The Simon Operating Partnership expects to have construction financing for the majority of the development costs of this project in place before the end of the second quarter of 1997. This project is included in the accompanying consolidated financial statements using the consolidated method of accounting.

EAST TOWNE MALL. Prior to September 25, 1995, the Simon Operating Partnership held a 45.0% joint venture interest in East Towne Mall in Knoxville, Tennessee. On September 25, 1995, the Simon Operating Partnership acquired the remaining interest for $18,500 and the assumption of 55% of the $75,000 of existing mortgage debt. In connection with the transaction, the Simon Operating Partnership refinanced the $75,000 mortgage. These transactions were funded through a new loan of $55,000 and $38,500 in borrowings from the Simon Operating Partnership's unsecured revolving credit facility. The transaction was accounted for using the purchase method of accounting. The purchase price in excess of the net assets acquired of $21,982 was allocated to investment properties. Effective September 25, 1995, East Towne Mall was included in the accompanying consolidated financial statements using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

THE SOURCE. On December 22, 1995, a joint venture, in which the Simon Operating Partnership has a noncontrolling 50% joint venture interest acquired a development project located in Westbury (Long Island), New York, for $30,253. This transaction was initially financed using borrowings from the Simon Operating Partnership's unsecured revolving credit facility. When construction financing of $120,000 closed on this property in July 1996, the Simon Operating Partnership was repaid its $27,500 loan. The construction loan carries interest at LIBOR plus 170 basis points and matures on July 16, 2001. Construction commenced in February 1996 and this 730,000 square foot value-oriented retail center development is expected to open in August 1997. This joint venture is being accounted for using the equity method of accounting.

SMITH HAVEN MALL. On December 28, 1995, a joint venture in which the Simon Operating Partnership owns a noncontrolling 25% interest, purchased Smith Haven Mall, a 1.3 million square foot regional mall located in Lake Grove (Long Island), New York, for $221,000. The Simon Operating Partnership's contribution of $55,725 to the purchase price of $221,000 was financed using borrowings from the Simon Operating Partnership's unsecured revolving credit facility. On June 17, 1996, the joint venture closed on a $115,000 interest-only mortgage maturing June 1, 2006. Subsequently, the Simon Operating Partnership received a reimbursement of $28,256 of its contribution. This joint venture is being accounted for using the equity method of accounting.

ROSS PARK MALL. Prior to April 11, 1996, the Simon Operating Partnership held a 50% joint venture interest in Ross Park Mall in Pittsburgh, Pennsylvania. On April 11, 1996, the Simon Operating Partnership acquired the remaining economic ownership interest. The purchase price included approximately $44,000 cash and the assumption of the joint venture partner's share of existing debt ($57,000). The purchase price in excess of the net assets acquired of $49,074 was allocated to investment properties. Effective April 11, 1996, the property is being accounted for using the consolidated method of accounting. It was previously accounted for using the equity method of accounting.

COTTONWOOD MALL. Cottonwood Mall opened on July 31, 1996, in Albuquerque, New Mexico. This 1.0 million square foot regional mall is wholly-owned by the Simon Operating Partnership. The development costs were financed through a $60,000 construction loan, which bore interest at the lower of the prime rate plus 25 basis points or LIBOR plus 200 basis points and had a scheduled maturity of February 1, 1999. On November 26, 1996, using proceeds from the sale of the Notes (See Note 8) the Simon Operating Partnership retired the entire $57,000 outstanding balance.

NORTH EAST MALL. Prior to October 4, 1996, the Simon Operating Partnership held the right to receive 50% of the Partnership results of North East Mall in Hurst, Texas. On October 4, 1996, in connection with the settlement of certain outstanding litigation, the SDG, LP acquired for $12,100 an additional 20% limited partnership interest in North East Mall. At the same time, the Simon Operating Partnership exercised its option to acquire the remaining 30% limited partnership interest in North East Mall owned by the Simons in exchange for 472,410 Units in the Simon Operating Partnership, as well as the Simons' 50% general partnership interest. The Simons had previously contributed the right to receive distributions relating to its 50% general partnership interest to the Simon Operating Partnership, in exchange for Units. As a result of these transactions, the Simon Operating Partnership owns 80% of North East Mall and accounts for it using the consolidated method of accounting. SDG, LP owns the remaining 20%.

MILLS DEVELOPMENTS. On December 29, 1995, the Simon Operating Partnership entered into arrangements with The Mills Corporation to develop value-oriented super-regional malls in Ontario (Los Angeles), California; Grapevine (Dallas/Fort Worth), Texas; and Tempe (Phoenix), Arizona. Ontario Mills, a 25%-owned, 1.3 million square foot super-regional mall, opened on November 14, 1996, in Ontario, California. The Simon Operating Partnership financed its $15,000 equity commitment for this project in 1996. Grapevine Mills, a 37.5%-owned, 1.5 million square foot development project, broke ground on July 10, 1996, and is expected to open in October 1997. The Simon Operating Partnership has a $14,000 equity commitment on this $211,000 development project. Arizona Mills, a 25%-owned, 1.2 million square foot development project, broke ground on August 1, 1996, and is expected to open in November 1997. The Simon Operating Partnership has a $13,500 equity investment in this $183,000 development project. These projects are being accounted for using the equity method of accounting.

JOINT VENTURE PROPERTY OPENINGS. The Simon Operating Partnership opened two new Joint Venture Properties during 1996. Ontario Mills, described above, opened on November 14, 1996, and the Tower Shops in Las Vegas, Nevada opened in November 1996. The Simon Operating Partnership has a noncontrolling 50.0% ownership interest in this approximately 60,000 square foot specialty retail center. These properties are being accounted for using the equity method of accounting.

The Simon Operating Partnership also opened three new regional malls during 1995. Circle Centre opened on September 8, 1995, in Indianapolis, Indiana. The Simon Operating Partnership has a 14.7% ownership interest in this approximately 800,000 square foot regional mall. Seminole Towne Center opened on September 22, 1995, in Sanford, Florida. The Simon Operating Partnership has a 45.0% ownership interest in this approximately 1.1 million square foot regional mall. Lakeline Mall opened on October 18, 1995, in Austin, Texas. The Simon Operating Partnership has a noncontrolling 50.0% ownership interest in this approximately 1.1 million square foot regional mall. Each of these regional malls is being accounted for using the equity method of accounting.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENT PROPERTIES

Investment properties are recorded at the lower of cost (predecessor cost for Properties acquired from the Simons) or net realizable value. Net realizable value of investment properties for financial reporting purposes is reviewed for impairment on a Property-by-Property basis whenever events or changes in circumstances indicate that the carrying amount of investment properties may not be recoverable. Impairment of investment properties is recognized when estimated undiscounted operating income is less than the carrying value of the Property. To the extent an impairment has occurred, the excess of carrying value of the Property over its estimated net realizable value will be charged to income. The Simon Operating Partnership adopted Statement of Financial Accounting Standards ("SFAS") No. 121 (Accounting for Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of) on January 1, 1996. The adoption of this pronouncement had no impact on the accompanying consolidated financial statements. Investment properties include costs of acquisition, development, construction, tenant allowances and improvements, interest and real estate taxes incurred during construction, certain capitalized improvements and replacements, and certain allocated overhead.

Depreciation on buildings and improvements is provided utilizing the straight-line method over an estimated original useful life of 10 to 45 years, resulting in an average composite life of approximately 30 years. Depreciation on tenant allowances and improvements is provided utilizing the straight-line method over the term of the related lease.

Certain improvements and replacements are capitalized when they extend the useful life, increase capacity, or improve the efficiency of the asset. All other repair and maintenance items are expensed as incurred.

CAPITALIZED INTEREST

Interest is capitalized on projects during periods of construction. Interest capitalized by the Simon Operating Partnership during 1996, 1995 and 1994 was $5,156, $1,515 and $1,586, respectively.

DEFERRED COSTS

Deferred costs consist primarily of financing fees incurred to obtain long-term financing, costs of interest rate protection agreements, and internal and external leasing commissions and related costs. Deferred financing costs, including interest rate protection agreements, are amortized on a straight-line basis over the terms of the respective loans or agreements. Deferred leasing costs are amortized on a straight-line basis over the terms of the related leases. Deferred costs consist of the following:

	DECEMBER 31,	
	1996	1995
Deferred financing costs	$ 59,968	$ 68,042
Leasing costs and other	94,103	88,094
	154,071	156,136
Less-accumulated amortization	69,776	74,738
Deferred costs, net	$ 84,295	$ 81,398

Included in interest expense in the accompanying Consolidated Statements of Operations is amortization of deferred financing costs of $8,418, $8,523 and $7,251 for 1996, 1995 and 1994, respectively.

REVENUE RECOGNITION

The Simon Operating Partnership, as a lessor, has retained substantially all of the risks and benefits of ownership of the investment Properties and accounts for its leases as operating leases. Minimum rents are accrued on a straight-line basis over the terms of their respective leases. Overage rents are recognized when earned.

Reimbursements from tenants for real estate taxes and other recoverable operating expenses are recognized as revenue in the period the applicable expenditures are incurred.

ALLOWANCE FOR CREDIT LOSSES

A provision for credit losses is recorded based on management's judgment of tenant creditworthiness. The activity in the allowance for credit losses during 1996, 1995 and 1994 was as follows:

Year Ended	Balance at Beginning of Year	Provision for Credit Losses	Accounts Written Off	Balance at End of Year
December 31, 1996	$ 4,259	$ 2,991	$ (1,027)	$ 6,223
December 31, 1995	$ 2,943	$ 2,858	$ (1,542)	$ 4,259
December 31, 1994	$ -	$ 3,417	$ (474)	$ 2,943

INCOME TAXES

As a partnership, the allocated share of income or loss for each year is included in the income tax returns of the partners, accordingly, no accounting for income taxes is required in the accompanying consolidated financial statements. State and local taxes are not material.

Taxable income of the Simon Operating Partnership for the year ended December 31, 1996, is estimated to be $100,228 and was $100,915 and $44,683 for the years ended 1995 and 1994, respectively. Reconciling differences between book income and tax income primarily result from timing differences consisting of (i) depreciation expense, (ii) prepaid rental income and (iii) straight-line rent. Furthermore, the Simon Operating Partnership's share of income or loss from the affiliated Management Company is excluded from the tax return of the Simon Operating Partnership.

PER UNIT DATA

The net income per unit is based on the weighted average number of units outstanding during the period. The weighted average number of units used in the computation for 1996, 1995 and 1994 was 95,913,460; 92,666,469; and 84,509,597, respectively. The stock options outstanding under the Stock Option Plan (see note 10) and the Preferred Units have not been considered in the computations of per unit data, as they did not have a dilutive effect.

It is the Simon Operating Partnership's policy, to accrue distributions when they are declared. The Simon Operating Partnership declared distributions in 1996 aggregating $1.63 per unit. The 1996 distributions include a $0.1515 distribution on August 9, 1996, in connection with the Merger, designated to align the time periods of distribution payments of the merged entities. The current annual distribution rate is $1.97 per share. The following is a summary of distributions per unit declared in 1996 and 1995, which represented a return of capital measured using generally accepted accounting principles:

	FOR THE YEAR ENDED DECEMBER 31,	
Distributions per Unit	1996	1995
From book net income	$ 0.93	$1.04
Representing return of capital	0.70	0.93
Total distributions	$ 1.63	$1.97

On a federal income tax basis, 64% of the 1996 distributions and 25% of the 1995 distributions represented return of capital.

STATEMENTS OF CASH FLOWS

For purposes of the Statements of Cash Flows, all highly liquid investments purchased with an original maturity of 90 days or less are considered as cash and cash equivalents. Cash equivalents are carried at cost, which approximates market value. Cash equivalents generally consist of commercial paper, bankers acceptances, Eurodollars, repurchase agreements and Dutch auction securities.

Cash paid for interest, net of any amounts capitalized, during 1996, 1995 and 1994 were $161,133, $142,345 and $140,106 respectively. The 1994 amount includes a $27,184 nonrecurring interest charge.

NONCASH TRANSACTIONS

The following is a summary of significant non-cash transactions.

As described in Note 2, effective April 1, 1994, the Simon Operating Partnership reflected Forum using the consolidated method of accounting.

As described in Note 3, on September 1, 1994, the Simon Operating Partnership issued 1,799,945 Units in conjunction with the merger of MSAR. On February 23, 1995, the Simon Operating Partnership issued 2,022,247 Units in connection with the acquisition of an additional joint venture interest in White Oaks Mall. On July 31, 1995, the Simon Operating Partnership issued 120,000 Units in exchange for the Simons' 50% interest in Crossroads Mall. The Simon Operating Partnership issued 1,200,000 Units of common stock in connection with the reduction of the outstanding loan and accrued interest at Crossroads Mall. Effective October 4, 1996, the Simon Operating Partnership reflected North East Mall using the consolidated method of accounting.

Accrued and unpaid distributions as of December 31, 1996 and 1995 were $0 and $47,104, respectively. Accrued and unpaid distributions at December 31, 1995, included $1,490 on the preferred units.

RECLASSIFICATIONS

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. These reclassifications have no impact on net operating results previously reported.

5. INVESTMENT PROPERTIES

Investment properties consist of the following:

	DECEMBER 31,	
	1996	1995
Land	$ 312,683	$ 283,722
Buildings and improvements	2,131,475	1,860,203
Total land, buildings and improvements	2,444,158	2,143,925
Furniture, fixtures and equipment	23,621	18,236
Investment properties at cost	2,467,779	2,162,161
Less--accumulated depreciation	(238,167)	152,817
Investment properties at cost, net	$ 2,229,612	$ 2,009,344

Building and improvements include $74,500 and $40,676 of construction in progress at December 31, 1996 and 1995, respectively.

6. INVESTMENT IN PARTNERSHIPS AND JOINT VENTURES

Summary financial information of partnerships and joint ventures accounted for using the equity method and a summary of the Simon Operating Partnership's investment in and share of income from such partnerships and joint ventures follows.

BALANCE SHEETS	DECEMBER 31, 1996	1995
ASSETS:		
Investment properties at cost, net	$ 1,328,600	$ 1,156,066
Cash and cash equivalents	41,270	52,624
Tenant receivables	37,067	35,306
Other assets	54,981	32,626
Total assets	$ 1,461,918	$ 1,276,622
LIABILITIES AND PARTNERS' EQUITY:		
Mortgages and other notes payable	$ 569,433	$ 410,652
Accounts payable, accrued expenses and other liabilities	161,552	127,322
Total liabilities	730,985	537,974
Partners' equity	730,933	738,648
Total liabilities and partners' equity	$ 1,461,918	$ 1,276,622
THE SIMON OPERATING PARTNERSHIP'S SHARE OF:		
Total assets	$ 340,449	$ 290,802
Investment in partnerships and joint ventures, at equity	$ 139,711	$ 117,332
Cash distribution and losses in partnerships and joint ventures, at equity	(17,106)	(54,120)
Partners' equity	$ 122,605	$ 63,212

STATEMENTS OF OPERATIONS	FOR THE YEAR ENDED DECEMBER 31, 1996	1995	1994
Revenue:			
Minimum rent	$ 110,221	$ 83,905	$ 92,380
Overage rent	3,890	2,754	3,655
Tenant reimbursements	53,909	39,500	45,440
Other income	10,206	13,980	10,131
Total revenue	178,226	140,139	151,606
OPERATING EXPENSES:			
Operating expenses and other	68,421	46,466	55,949
Depreciation and amortization	41,839	26,409	26,409
Total operating expenses	110,260	72,875	82,358
OPERATING INCOME	67,966	67,264	69,248
INTEREST EXPENSE	30,823	28,685	38,124
EXTRAORDINARY ITEMS	(1,314)	(2,687)	--
NET INCOME	35,829	35,892	31,124
THIRD-PARTY INVESTORS' SHARE OF NET INCOME	31,717	30,752	30,090
THE SIMON OPERATING PARTNERSHIP'S SHARE NET INCOME	$ 4,112	$ 5,140	$ 1,034

The net income or net loss for each partnership and joint venture is allocated in accordance with the provisions of the applicable partnership or joint venture agreement. The allocation provisions in these agreements are not always consistent with the ownership interests held by each general or limited partner or joint venturer, primarily due to partner preferences.

7. INVESTMENT IN MANAGEMENT COMPANY

The Simon Operating Partnership holds 80% of the outstanding common stock, 5% of the outstanding voting common stock, and all of the preferred stock of the Management Company. The remaining 20% of the outstanding common stock of the Management Company (representing 95% of the voting common stock) is owned directly by the Simons. The Management Company, including its consolidated subsidiaries, provides management, leasing, development, accounting, legal, marketing and management information systems services to 33 Minority Interest and Joint Venture Properties, Melvin Simon & Associates, Inc. ("MSA"), and certain other nonowned properties. Because the Simon Operating Partnership exercises significant influence over the financial and operating policies of the Management Company, it is reflected in the accompanying statements using the equity method of accounting.

In connection with the Merger, the Management Company purchased 95% of the voting stock (665 shares of common stock) of DeBartolo Property Management, Inc. ("DPMI"), a DRC management company, for $2,500 in cash. DPMI provides architectural, design, construction and other services primarily to the Properties. During 1996, DPMI formed a captive insurance company, which provided property damage and general liability insurance to certain DeBartolo Properties in 1996. SDG, LP paid a total of $2,383 to this wholly-owned subsidiary of the Management Company for insurance coverage during 1996. The Management Company accounts for both DPMI and the captive insurance company using the consolidated method of accounting.

During 1995, the Simon Operating Partnership advanced a net of $27,500 to the Management Company, which bears interest at 11%. The proceeds were used to acquire a $27,500 mortgage note due from The Source, in which the Simon Operating Partnership has a noncontrolling 50% interest. In July 1996, the joint venture which owns The Source closed on a $120,000 construction loan and retired the mortgage note. The Management Company in turn repaid the Simon Operating Partnership the $27,500 advanced in 1995. The Management Company also liquidated in 1995 its interest in a partnership investment which held a 9.8-acre parcel of land in Rosemont, Illinois. The sale of that parcel resulted in a loss of $958 to the Management Company. Further, an undeveloped two-acre parcel of land in Washington, D.C., for which the Management Company held a mortgage, was sold in December 1995. The Management Company forwarded $11,000 of the net proceeds from this sale to the Simon Operating Partnership in January 1996 to reduce its outstanding loan balance. The Management Company recorded a loss in 1995 in connection with this transaction of $3,949.

Management, development and leasing fees charged to the Simon Operating Partnership and SDG, LP relating to Minority Interest Properties were $6,916, $5,353 and $2,352 for the years ended December 31, 1996, 1995 and 1994, respectively. Architectural, contracting and engineering fees charged to the Simon Operating Partnership and SDG, LP for 1996 were $21,650. Fees for services provided by the Management Company to MSA were $4,000, $4,572 and $7,239 for the years ended December 31, 1996, 1995 and 1994, respectively, and are included in cost-sharing income and other in the Management Company's Statements of Operations.

At December 31, 1996 and 1995, total notes receivable and advances due from the Management Company and consolidated affiliates were $63,978 and $102,522, respectively. Unpaid interest income receivable from the Management Company at December 31, 1996 and 1995, was $0 and $84, respectively. All preferred dividends due from the Management Company were paid by December 31, 1996 and 1995. Interest and preferred dividend receivables, if any, are reflected in tenant receivables and accrued revenue in the accompanying Consolidated Balance Sheets.

Summarized consolidated financial information of the Management Company, accounted for using the equity method, and a summary of the Simon Operating Partnership's investment in and share of income (loss) from the Management Company follows.

BALANCE SHEETS	DECEMBER 31, 1996	DECEMBER 31, 1995
ASSETS:		
Current assets	$ 69,708	$ 40,964
Undeveloped land and mortgage notes	16,177	45,769
Other assets	24,378	13,813
Total assets	$ 110,263	$ 100,546
LIABILITIES AND SHAREHOLDERS' DEFICIT:		
Current liabilities	$ 46,690	$ 18,435
Notes payable and advances due to Simon Operating Partnership at 11%, due 2008	63,978	102,522
SDG, LP Advances and minority interest in DPMI	17,601	--
Total liabilities	128,269	120,957
Shareholders' deficit	(18,006)	(20,411)
Total liabilities and shareholders' deficit	$ 110,263	$ 100,546
THE SIMON OPERATING PARTNERSHIP'S SHARE OF:		
Total assets	$ 96,316	$ 80,437
Shareholders' deficit	$ (18,519)	$ (20,612)

STATEMENTS OF OPERATIONS	FOR THE YEAR ENDED DECEMBER 31, 1996	1995	1994
REVENUE:			
Management fees	$ 20,529	$ 20,106	$ 18,587
Architectural, contracting and engineering fees	35,546	--	--
Development and leasing fees	10,611	15,451	9,683
Cost-sharing income and other	11,979	7,561	10,077
Total revenue	78,665	43,118	38,347
EXPENSES:			
Operating expenses and costs of construction	60,508	31,163	27,944
Depreciation	2,852	2,275	1,406
Interest	6,232	7,694	8,623
Total expenses	69,592	41,132	37,973
OPERATING INCOME	9,073	1,986	374
LOSS ON DISPOSITION OF ASSETS	--	(4,907)	--
NET INCOME (LOSS)	9,073	(2,921)	374
PREFERRED DIVIDENDS	1,400	1,400	1,400
NET INCOME (LOSS) AVAILABLE FOR COMMON SHAREHOLDERS	$ 7,673	$ (4,321)	$ (1,026)
THE SIMON OPERATING PARTNERSHIP'S SHARE OF NET INCOME (LOSS)	$ 2,093	$ (3,737)	$ (1,101)
INTERCOMPANY PROFIT ELIMINATION	982	--	--
THE SIMON OPERATING PARTNERSHIP'S SHARE OF NET INCOME (LOSS)	$ 1,111	$ (3,737)	$ (1,101)

The Simon Operating Partnership manages all of its wholly owned properties. SDG, LP manages all Wholly-Owned Properties and substantially all of the Minority Interest and Joint Venture Properties that were owned by DRC prior to the Merger. Accordingly, they reimburse the Administrative Services Partnership ("ASP"), a subsidiary of the Management Company, for costs incurred, including management, leasing, development, accounting, legal, marketing, and management information systems. Substantially all employees (other than direct field personnel) are employed by ASP which is owned 1% by the Simon Operating Partnership and 99% by the Management Company. The Management Company's Statements of Operations report costs net of amounts reimbursed by the Simon Operating Partnership. Common costs are allocated based on payroll and related costs. In management's opinion, allocations under the cost-sharing arrangement are reasonable. The Simon Operating Partnership and SDG, LP's share of allocated common costs was $29,262, $21,874 and $15,619 for 1996, 1995 and 1994, respectively.

Amounts receivable from the Simon Operating Partnership and SDG, LP under the cost-sharing arrangement and management contracts were $3,288 and $1,175 at December 31, 1996 and 1995, respectively.

8. INDEBTEDNESS

Mortgages and other notes payable consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1995
FIXED-RATE DEBT		
Mortgages and other notes payable, net	$ 1,326,518	$ 1,232,360
Total fixed-rate Debt	1,326,518	1,232,360
VARIABLE-RATE DEBT		
Mortgages and other notes payable, net	$ 485,736	$ 530,000
Credit facility	230,000	196,000
Construction loan	--	22,399
Total variable-rate debt	715,736	748,399
Total mortgages and other notes payable	$ 2,042,254	$ 1,980,759

FIXED-RATE DEBT

MORTGAGE LOANS & OTHER NOTES. The fixed-rate mortgage loans and other notes bear interest ranging from 5.81% to 10.00% (weighted average of 7.75%), require monthly payments of principal and/or interest and have various due dates through 2026 (average maturity of 6.8 years). Certain of the Properties are pledged as collateral to secure the related mortgage note. The fixed and variable mortgage notes are nonrecourse but have partial guarantees by affiliates of approximately $398,906. Certain of the Properties are cross-defaulted and cross-collateralized as part of a group of properties. Under certain of the cross-default provisions, a default under any mortgage included in the cross-defaulted package may constitute a default under all such mortgages and may lead to acceleration of the indebtedness due on each property within the collateral package. Certain of the Properties are subject to a provision in which the lender participates in a percentage of gross revenues above a specified base or after deduction of debt service and various expenses. Contingent interest incurred under these arrangements was $1,645, $1,929 and $1,527 for the years ended December 31, 1996, 1995 and 1994, respectively. Certain of the Properties are subject to financial performance covenants relating to debt-to-market capitalization, minimum earnings before interest, taxes, depreciation and amortization ("EBITDA") ratios and minimum equity values.

$500,000 SHELF REGISTRATION. SPG, LP has a $500,000 debt shelf registration which became effective December 1995. At December 31, 1996, no securities have been issued under this registration statement.

VARIABLE-RATE DEBT

MORTGAGES AND OTHER NOTES. The variable-rate mortgage loans and other notes bear interest ranging from 6.05% to 7.59% (weighted average of 6.66% at December 31, 1996) and are due at various dates through 2000 (average maturity of 2.2 years). Certain of the Properties are subject to the collateral, cross-default and cross-collateral agreements, participation agreements or other covenants relating to debt-to-market capitalization, minimum EBITDA ratios and minimum equity values.

CREDIT FACILITY. On September 27, 1996, the SPG, LP and SDG, LP obtained a $750,000 three-year unsecured facility (the "Credit Facility") which has a one-year extension available at the option of SPG, LP and SDG, LP. The Credit Facility bears interest at LIBOR plus 90 basis points and is guaranteed by SPG, LP and SDG, LP. The maximum and average amounts outstanding during 1996 under the Credit Facility were $438,000 and $292,350, respectively. The Credit Facility is primarily used for funding acquisition, renovation and expansion and predevelopment opportunities. At December 31, 1996, the Credit Facility had an interest rate of 6.43%, with $510,000 available after outstanding borrowings and letters of credit. The Credit Facility contains financial covenants relating to a market capitalization value, minimum EBITDA and unencumbered EBITDA ratios and minimum equity values.

DEBT MATURITY AND OTHER

As of December 31, 1996, scheduled principal repayments on indebtedness were as follows:

1997	$ 40,777
1998	357,873
1999	457,261
2000	383,457
2001	14,585
Thereafter	788,301
Total mortgages and other notes payable	$ 2,042,254

Certain mortgages and notes payable may be prepaid but are generally subject to a prepayment of a yield-maintenance premium.

The unconsolidated partnerships and joint ventures have $569,433 and $410,652 of mortgages and other notes payable at December 31, 1996 and 1995, respectively. The Simon Operating Partnership's share of this debt was $193,310 and $167,644 at December 31, 1996 and 1995, respectively. This debt becomes due in installments over various terms extending into 2006, with interest rates ranging from 6.03% to 8.20% (weighted average rate of 7.14% at December 31, 1996). The debt matures $0 in 1997, $0 in 1998, $221,900 in 1999, $119 in 2000, $64,252 in 2001 and $283,162 thereafter.

Net extraordinary losses of $3,723, $3,285 and $17,980 for the years ended December 31, 1996, 1995 and 1994, respectively, were incurred, resulting from the early extinguishment or refinancing of debt.

6 7/8% UNSECURED NOTES. Nonconvertible investment-grade unsecured debt securities (the "Notes") were issued by SDG, LP on November 21, 1996. The Notes pay interest semiannually, mature in 2006, and contain leverage ratios and minimum EBITDA and unencumbered EBITDA ratios. The Notes were issued under SDG, LP's $750,000 shelf registration which became effective in November 1996, of which $500,000 remains available. Notes issued under this shelf registration are guaranteed by Simon Operating Partnership.

6 3/4% PUTABLE ASSET TRUST SECURITIES (PATS). The $100,000 of PATS, issued by SDG, LP in December 1996, pay interest semiannually and mature in 2003. These securities contain leverage ratios and minimum EBITDA and unencumbered EBITDA ratios and are guaranteed by Simon Operating Partnership.

On January 31, 1997, the Simon Operating Partnership completed a refinancing transaction involving debt on four Properties. The transaction consisted of the payoff of one loan totaling $43,375, the buyout of the contingent interest feature on all four loans for $21,000 and a restatement of the interest amount on the three remaining loans. This transaction was funded using the Credit Facility.

INTEREST RATE PROTECTION AGREEMENTS

The Simon Operating Partnership has entered into certain interest rate protection agreements, in the form of "cap" or "swap" arrangements, with respect to the majority of its variable-rate mortgages and other notes payable. Cap arrangements, which effectively limit the amount by which variable interest rates may rise, have been entered into for $394,079 principal amount of debt and cap LIBOR at rates ranging from 5.0% to 8.7% through the related debt's maturity. Costs of the caps ($7,792) are amortized over the life of the agreements. The unamortized balance of the cap arrangements was $3,343 as of December 31, 1996. The Simon Operating Partnership's hedging activity as a result of interest swaps and caps resulted in interest savings of $1,553 and $3,528 for the years ended December 31, 1996 and 1995, respectively. This did not materially impact the Simon Operating Partnership's weighted average borrowing rate.

FAIR VALUE OF FINANCIAL INSTRUMENTS

SFAS No. 107 requires disclosure about fair value for all financial instruments. The carrying value of variable-rate mortgages and other loans and interest rate protection agreements represents their fair values. The fair value of fixed-rate mortgages and other notes payable was approximately $1,752,000 and $1,375,000 at December 31, 1996 and 1995, respectively. The fair value of the interest rate protection agreements at December 31, 1996 and 1995, was $3,158 and $3,900, respectively. At December 31, 1996 and 1995, the estimated discount rates were 7.25% and 7.00%, respectively.

ADVANCES FROM SDG, LP

Net advances due SDG, LP of $259,382 result from debt and equity instruments issued by SDG, LP for which a portion of the proceeds were advanced to the Simon Operating Partnership to retire mortgages and other notes payable and amounts outstanding under the Credit Facility. The Simon Operating Partnership has recognized interest costs based on the terms of the instruments issued by SDG, LP.

9. RENTALS UNDER OPERATING LEASES

The Simon Operating Partnership receives rental income from the leasing of retail and mixed-use space under operating leases. Future minimum rentals to be received under noncancelable operating leases for each of the next five years and thereafter, excluding tenant reimbursements of operating expenses and percentage rent based on tenant sales volume, as of December 31, 1996, are as follows:

1997	$ 292,871
1998	275,085
1999	249,075
2000	219,372
2001	186,613
Thereafter	696,959
	$1,919,975

Approximately 2.64% of future minimum rents to be received are attributable to leases with JCPenney Company, Inc., an affiliate of a limited partner in the Simon Operating Partnership.

10. PARTNERS' EQUITY

In January 1995, the Company filed a shelf registration with the Securities and Exchange Commission covering 15,000,000 shares of common stock. In April 1995, 6,000,000 of these shares were sold in an underwritten offering. In May 1995, the underwriters closed on a portion (241,854 shares) of the over-allotment option granted them in connection with the above offering. Proceeds from these transactions were contributed to the Simon Operating Partnership in exchange for 6,241,854 Units and subsequently were used to repay debt.

On February 10, 1995, one of the Simon Operating Partnership's limited partners exchanged its 212,114 Units for 212,114 shares of common stock.

On October 27, 1995, the Company completed a $100,000 private placement of 4,000,000 shares of Series A preferred stock. Dividends on the preferred stock are paid quarterly at the greater of 8.125% per annum or the dividend rate payable under the underlying common stock. The holders of the preferred stock have the right to convert the preferred stock into common stock after two years at an initial conversion ratio equal to 0.9524. The Company may redeem the preferred stock after five years upon payment of premiums that decline to $25.00 per share over the following seven years. The holders of the preferred stock are entitled to vote on all matters submitted to a vote of holders of common stock, based on the number of shares of common stock into which the preferred stock can be converted. The Company contributed the proceeds to the Simon Operating Partnership in exchange for Preferred Units. The Simon Operating Partnership pays a preferred distribution to the Company equal to the dividends paid on the preferred stock.

On December 21, 1995, a limited partner in the Simon Operating Partnership exchanged 121,348 Units for 121,348 shares of common stock.

On September 27, 1996, the Company completed a $200,000 public offering (the "Preferred Offering") of 8,000,000 shares of Series B cumulative redeemable preferred stock, generating net proceeds of approximately $193,000. Dividends on the preferred stock are paid quarterly in arrears at 8.75% per annum. The Company may redeem the preferred stock any time on or after September 29, 2006, at a redemption price of $25.00 per share, plus accrued and unpaid dividends. The redemption price (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of the Company, which may include other series of preferred shares. The Company contributed the proceeds to SDG, LP in exchange for Preferred Units. SDG, LP pays a preferred distribution to the Company equal to the dividends paid on the preferred stock. SDG, LP loaned a portion of the proceeds ($34,400) to the Simon Operating Partnership which used the advanced proceeds to reduce outstanding debt.

EXCHANGE RIGHTS

The former limited partners in the Simon Operating Partnership had the right at any time after December 1994 to exchange all or any portion of their Units for shares of common stock of the Company on a one-for-one basis or cash, as selected by the Company's Board of Directors. If the Company had selected to use cash, the Company could cause the Simon Operating Partnership to redeem the Units. The amount of cash to be paid if the exchange right was exercised and the cash option was selected would have been based on the trading price of the Company's common stock at that time. In the periods when the Simon Operating Partnership did not control whether cash would be used to settle the limited partners' exchange rights, the limited partners' equity interest was excluded from partners' equity and was reflected in the consolidated balance sheet at redemption value.

In connection with the merger, the Simon Operating Partnership agreement was amended eliminating the exchange right provision. Accordingly, the limited partners' equity interest in the Simon Operating Partnership has been included as partners' equity at historical carrying value. Previous transfers of limited partners' equity interest from partners' equity have been reversed. This reversal occurred in the financial statements of the Simon Operating Partnership, effective August 9, 1996.

11. STOCK OPTION PLANS

The Company and the Simon Operating Partnership adopted an Employee Stock Plan (the "Employee Plan"). The Company also adopted a Director Stock Option Plan (the "Director Plan" and, together with the Employee Plan, the "Stock Option Plans") for the purpose of attracting and retaining eligible officers, directors and employees. The Company has reserved for issuance 4,595,000 shares of common stock under the Employee Plan and 100,000 shares of common stock under the Director Plan. If stock options granted in connection with the Stock Option Plans are exercised at any time or from time to time, the partnership agreement requires the Company to sell to the Simon Operating Partnership, at fair market value, shares of the Company's common stock sufficient to satisfy the exercised stock options. The Company also is obligated to purchase Units for cash in an amount equal to the fair market value of such shares.

EMPLOYEE PLAN

The Employee Plan is currently administered by the Company's Compensation Committee (the "Committee"). During the ten-year period following the adoption of the Employee Plan, the Committee may, subject to the terms of the Employee Plan and in certain instances subject to board approval, grant to key employees (including officers and directors who are employees) of the Simon Operating Partnership or its "affiliates" (as defined in the Employee Plan) the following types of awards: stock options (including options with a reload feature), stock appreciation rights, performance units and shares of restricted or unrestricted common stock. Awards granted under the Employee Plan become exercisable over the period determined by the Committee. The exercise price of an option may not be less than the fair market value of the shares of the common stock on the date of grant. The options vest 40% on the first anniversary of the date of grant, an additional 30% on the second anniversary of the grant date and become fully vested three years after the grant date. The options expire ten years from the date of grant.

DIRECTOR PLAN

Directors of the Company who are not also employees of the Company or its "affiliates" (as defined in the Director Plan) participate in the Director Plan. Under the Director Plan, each eligible director is automatically granted options ("Director Options") to purchase 5,000 shares of common stock upon the director's initial election to the Board of Directors and 3,000 shares of common stock upon each reelection of the director to the Board of Directors. The exercise price of the options is equal to 100% of the fair market value of the Company's common stock on the date of grant. Director Options become exercisable on the first anniversary of the date of grant or at such earlier time as a "change in control" of the Company occurs and will remain exercisable through the tenth anniversary of the date of grant (the "Expiration Date"). Prior to their Expiration Dates, Director Options will terminate 30 days after the optionee ceases to be a member of the Board of Directors.

SFAS No. 123, "Accounting for Stock-Based Compensation," requires entities to measure compensation costs related to awards of stock-based compensation using either the fair value method or the intrinsic value method. Under the fair value method, compensation expense is measured at the grant date based on the fair value of the award. Under the intrinsic value method, compensation expense is equal to the excess, if any, of the quoted market price of the stock at the grant date over the amount the employee must pay to acquire the stock. Entities electing to measure compensation costs using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair value method had been applied. The Simon Operating Partnership has elected to account for stock-based compensation programs using the intrinsic value method consistent with existing accounting policies and, therefore, the standard will not have an effect on the consolidated financial statements. The impact on pro forma net income and earnings per share as a result of applying the intrinsic value method was not material.

Information relating to the Stock Option Plans from January 1, 1994 through December 31, 1996 is as follows:

	DIRECTOR PLAN		EMPLOYEE PLAN	
	OPTIONS	OPTION PRICE PER SHARE	OPTIONS	OPTION PRICE PER SHARE
SHARES UNDER OPTION AT JANUARY 1, 1994	25,000	$ 22.25	735,000	$ 22.25
GRANTED	15,000	27.00	1,363,272	23.44 - 25.25
EXERCISED	-	-	-	-
FORFEITED	-	-	(28,125)	23.44
SHARES UNDER OPTION AT DECEMBER 31, 1994	40,000	22.25 - 27.00	2,070,147	22.25 - 25.25
GRANTED	15,000	24.94 (1)	-	-
EXERCISED	-	-	(6,876)	23.44
FORFEITED	-	-	(49,137)	23.44 - 25.25
SHARES UNDER OPTION AT DECEMBER 31, 1995	55,000	$22.25 - 27.00	2,014,134	$22.25 - 25.25
GRANTED	40,000	24.37 (1)	-	-
EXERCISED	(5,000)	24.75	(367,151)	24.88 - 30.75
FORFEITED	-	-	(24,000)	23.44 - 25.25
SHARES UNDER OPTION AT DECEMBER 31, 1996	90,000	$22.25 - 27.38	1,622,983	$22.25 - 25.25
OPTIONS EXERCISABLE AT DECEMBER 31, 1996	50,000	$24.59 (1)	1,496,117	$22.97 (1)
SHARES AVAILABLE FOR GRANT AT DECEMBER 31, 1996	5,000		1,597,990	

(1) REPRESENTS THE AVERAGE PRICE.

STOCK INCENTIVE PROGRAM

In October 1994, under the Employee Plan of the Company and the Simon Operating Partnership, the Company's Compensation Committee approved a five-year stock incentive program (the "Stock Incentive Program"), under which restricted stock award shares have been granted to certain employees at no cost. The outstanding restricted stock award shares vest in four installments of 25% each on January 1 of each year following the year in which the restricted shares are awarded. The cost of restricted stock awards, based on the stock's fair market value at the determination dates, is charged to partners' equity and subsequently amortized against earnings of the Simon Operating Partnership over the vesting period.

In March 1995, an aggregate of 1,000,000 shares of restricted stock was allocated to 50 executives, subject to the performance standards and other terms of the Stock Incentive Program. During 1996 and 1995, 200,030 and 144,196 shares of common stock, respectively, were granted under the Stock Incentive Program. Approximately $2,084 and $918 relating to this program were amortized in 1996 and 1995, respectively.

12. EMPLOYEE BENEFIT PLANS

The Simon Operating Partnership and affiliated entities currently maintains a tax-qualified retirement 401(k) savings plan. Under the plan, eligible employees can participate in a cash or deferred arrangement permitting them to defer up to a maximum of 12% of their compensation, subject to certain limitations. Participants' salary deferrals are matched at specified percentages, and one plan provides annual contributions of 3% of eligible employees' compensation. The Simon Operating Partnership contributed $2,123, $1,716 and $1,628 to the plans in 1996, 1995 and 1994, respectively.

Except for the 401(k) plan, the Company offers no other postretirement or postemployment benefits to its employees.

13. COMMITMENTS AND CONTINGENCIES

LITIGATION

CARLO ANGOSTINELLI ET AL. V. DEBARTOLO REALTY CORP. ET AL. On October 16, 1996, a complaint was filed in the Court of Common Pleas of Mahoning County, Ohio, captioned Carlo Angostinelli et al. v. DeBartolo Realty Corp. et al. The named defendants are SD Property Group, Inc., a 99%-owned subsidiary of the Company, and DeBartolo Properties Management, Inc., and the plaintiffs are 27 former employees of the defendants. In the complaint, the plaintiffs allege that they were recipients of deferred stock grants under the DRC Plan and that these grants immediately vested under the DRC Plan's "change in control" provision as a result of the Merger. Plaintiffs assert that the defendants' refusal to issue them approximately 661,000 shares of DRC common stock, which is equivalent to approximately 450,000 shares of common stock of the Company computed at the 0.68 Exchange Ratio used in the Merger, constitutes a breach of contract and a breach of the implied covenant of good faith and fair dealing under Ohio law. Plaintiffs seek damages equal to such number of shares of DRC common stock, or cash in lieu thereof, equal to all deferred stock ever granted to them under the DRC Plan, dividends on such stock from the time of the grants, compensatory damages for breach of the implied covenant of good faith and fair dealing, and punitive damages.

The complaint was served on the defendants on October 28, 1996, and pretrial proceedings have just commenced. The Company is of the opinion that it has meritorious defenses and accordingly intends to defend this action vigorously. While it is difficult for the Company to predict the outcome of this litigation at this stage based on the information known to the Company to date, the Company does not expect this action will have a material adverse effect on the Company.

ROEL VENTO ET AL. V. TOM TAYLOR ET AL. An affiliate of the Simon Operating Partnership is a defendant in litigation entitled Roel Vento et al. v. Tom Taylor et al., in the District Court of Cameron County, Texas, in which a judgment in the amount of $7,800 has been entered against all defendants. This judgment includes approximately $6,500 of punitive damages and is based upon a jury's findings on four separate theories of liability including fraud, intentional infliction of emotional distress, tortuous interference with contract and civil conspiracy arising out of the sale of a business operating under a temporary license agreement at Valle Vista Mall in Harlingen, Texas. The Simon Operating Partnership is seeking to overturn the award and has appealed the verdict. Although the Simon Operating Partnership is optimistic that it may be able to reverse or reduce the verdict, there can be no assurance thereof. Management, based upon the advice of counsel, believes that the ultimate outcome of this action will not have a material adverse effect on the Company or the Simon Operating Partnership.

The Company or the Simon Operating Partnership currently are not subject to any other material litigation other than routine litigation and administrative proceedings arising in the ordinary course of business. On the basis of consultation with counsel, management believes that these items will not have a material adverse impact on the Company's or the Simon Operating Partnership's financial position or results of operations.

FINANCING COMMITMENTS

The Simon Operating Partnership has agreed to equity funding commitments of $14,000 and $31,103 relating to the construction of Grapevine Mills and The Source, respectively. The Simon Operating Partnership had satisfied $24,241 of its commitment on The Source at December 31, 1996.

LEASE COMMITMENTS

As of December 31, 1996, a total of 25 of the Properties are subject to ground leases. The termination dates of these ground leases range from 1998 to 2087. These ground leases generally require payments by the Simon Operating Partnership of a fixed annual rent, or a fixed annual rent plus a participating percentage over a base rate. Ground lease expense including contingent rent incurred by the Simon Operating Partnership for the years ended December 31, 1996, 1995 and 1994, was $7,497, $6,700 and $5,808, respectively.

Future minimum lease payments due under such ground leases for each of the next five years ending December 31 and thereafter are as follows:

1997	$ 3,806
1998	3,799
1999	3,805
2000	3,815
2001	3,710
Thereafter	141,495
	$ 160,430

ENVIRONMENTAL MATTERS

Substantially all of the Properties have been subjected to Phase I environmental audits. Such audits have not revealed nor is management aware of any environmental liability that management believes would have a material adverse impact on the Simon Operating Partnership's financial position or results of operations. Management is unaware of any instances in which it would incur significant environmental costs if any or all Properties were sold, disposed of or abandoned.

OTHER

The Simon Operating Partnership's partner in Rolling Oaks Mall has the right to transfer its ownership interest to the Simon Operating Partnership in exchange for Units based on the fair market value of the ownership interest at the time of the exchange. This right expires on January 1, 2002. Rolling Oaks Mall is a Joint Venture Property accounted for using the equity method of accounting.

14. QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized quarterly 1996 and 1995 data is as follows:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
1996					
Total revenue	$ 139,444	$ 143,761	$ 146,396	$ 162,303	$ 591,904
Operating income	61,073	63,051	63,001	73,696	260,821
Income before extraordinary items	21,801	21,937	20,396	28,640	92,774
Net income available to Unitholders	21,536	21,937	17,866	27,712	89,051
Net income before extraordinary items per Unit	0.23	0.23	0.21	0.30	0.97
Net income per Unit	$ 0.23	$ 0.23	$ 0.19	$ 0.29	$ 0.93
1995					
Total revenue	$ 129,490	$ 130,765	$ 138,042	$ 155,360	$ 553,657
Operating income	58,865	58,115	64,191	69,965	251,136
Income before extraordinary items	22,207	23,528	26,946	27,334	100,015
Net income available to Unitholders	22,207	23,280	24,310	26,933	96,730
Net income before extraordinary items per Unit	0.26	0.25	0.28	0.29	1.08
Net income per Unit	$ 0.26	$ 0.25	$ 0.25	$ 0.28	$ 1.04

Primarily due to the cyclical nature of earnings to unitholders, the sum of the quarterly earnings per unit in 1996 varies from the annual earnings per unit.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) 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 DEBARTOLO GROUP, L.P.

BY SIMON DEBARTOLO GROUP, INC.

By /s/ David Simon

David Simon
Chief Executive Officer

March 11, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

SIGNATURE	Capacity	Date
/s/ David Simon David Simon	Chief Executive Officer and Director (Principal Executive Officer)	March 11, 1997
/s/ Herbert Simon Herbert Simon	Co-Chairman of the Board of Directors	March 11, 1997
/s/ Melvin Simon Melvin Simon	Co-Chairman of the Board of Directors	March 11, 1997
/s/ Richard Sokolov Richard Sokolov	President, Chief Operating Officer and Director	March 11, 1997
/s/ Edward J. DeBartolo, Jr. Edward J. DeBartolo, Jr.	Director	March 11, 1997
/s/ M. Denise DeBartolo York M. Denise DeBartolo York	Director	March 11, 1997
/s/ Birch Bayh Birch Bayh	Director	March 11, 1997
/s/ William T. Dillard, II William T. Dillard, II	Director	March 11, 1997
/s/ G. William Miller G. William Miller	Director	March 11, 1997
/s/ Fredrick W. Petri Fredrick W. Petri	Director	March 11, 1997
/s/ Terry S. Prindiville Terry S. Prindiville	Director	March 11, 1997

/s/ J. Albert Smith - ------------------------------------- J. Albert Smith	Director	March 11, 1997
/s/ Philip J. Ward - ------------------------------------- Philip J. Ward	Director	March 11, 1997
/s/ Stephen E. Sterrett - ------------------------------------- Stephen E. Sterrett	Treasurer (Principal Financial Officer)	March 11, 1997
/s/ Dennis L. Cavanagh - ------------------------------------- Dennis L. Cavanagh	Senior Vice President, Financial Services (Principal Accounting Officer)	March 11, 1997

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS
ON SCHEDULE

To Simon DeBartolo Group, Inc.:

We have audited, in accordance with generally accepted auditing standards, the consolidated financial statements of SIMON DeBARTOLO GROUP, L.P. included in this Form 10-K, and have issued our report thereon dated February 18, 1997. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule is the responsibility of Simon DeBartolo Group, L.P.'s management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana,
February 18, 1997

SIMON DEBARTOLO GROUP, L.P.
REAL ESTATE AND ACCUMULATED DEPRECIATION
DECEMBER 31, 1996 SCHEDULE III

(DOLLARS IN THOUSANDS)

		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD				
NAME, LOCATION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
REGIONAL MALLS										
Alton Square, Alton, IL	$ 0	$ 154	$ 7,641	$ 0	$ 1,174	$ 154	$ 8,815	$ 8,969	$ 917	1993 (Note 3)
Amigoland Mall, Brownsville, TX	0	1,045	4,518	0	875	1,045	5,393	6,438	1,085	1974
Anderson Mall, Anderson, SC	19,000	1,838	18,122	1,363	1,785	3,201	19,907	23,108	2,752	1972
Barton Creek Square, Austin, TX	63,549	4,413	20,699	771	15,849	5,184	36,548	41,732	4,058	1981
Battlefield Mall, Springfield, MO	50,724	4,040	29,783	3,225	29,388	7,265	59,171	66,436	6,980	1976
Bay Park Square, Green Bay, WI	11,961	6,997	25,623	0	0	6,997	25,623	32,620	310	1996 (Note 4)
Bergen Mall, Paramus, NJ	0	11,020	92,541	0	3,962	11,020	96,503	107,523	686	1996 (Note 4)
Biltmore Square, Asheville, NC	28,265	10,907	19,315	0	78	10,907	19,393	30,300	234	1996 (Note 4)
Boynton Beach Mall, Boynton Beach, FL	0	33,758	67,710	0	26	33,758	67,736	101,494	836	1996 (Note 4)
Broadway Square, Tyler, TX	0	11,470	32,450	0	1,327	11,470	33,777	45,247	2,042	1994 (Note 3)
Brunswick Square, East Brunswick, NJ	22,927	8,436	55,838	0	373	8,436	56,211	64,647	674	1996 (Note 4)
Castleton Square, Indianapolis, IN	0	45,011	80,963	0	93	45,011	81,056	126,067	981	1996 (Note 4)
Century Consumer Mall, Merrillville, IN	0 0	2,190	9,589	0	1,314	2,190	10,903	13,093	2,054	1992 (Note 3)
Charles Town Square, Charleston, SC	0	539	2,825	500	530	1,039	3,355	4,394	575	1976
Chautauqua Mall, Lakewood, NY	4,984	3,258	9,659	0	2,499	3,258	12,158	15,416	111	1996 (Note 4)
Cheltenham Square, Philadelphia, PA	16,945	14,226	43,799	0	0	14,226	43,799	58,025	528	1996 (Note 4)
Chesapeake Square, Chesapeake, VA	52,576	11,533	70,461	0	5	11,533	70,466	81,999	847	1996 (Note 4)
Cielo Vista Mall, El Paso, TX	58,652	1,307	18,512	608	12,621	1,915	31,133	33,048	5,267	1974
College Mall, Bloomington, IN	43,429	1,012	16,245	722	16,298	1,734	32,543	34,277	4,790	1965
Columbia Center, Kennewick, WA	43,369	27,170	58,185	0	517	27,170	58,702	85,872	742	1996 (Note 4)
Cottonwood Mall, Albuquerque, NM	0	0	0	12,555	69,173	12,555	69,173	81,728	1,337	1993
Crossroads Mall, Omaha, NE	41,440	884	37,293	409	21,636	1,293	58,929	60,222	2,619	1994 (Note 3)
Crystal River Mall, Crystal River, FL	16,000	11,679	14,252	0	228	11,679	14,480	26,159	171	1996 (Note 4)
DeSoto Square, Bradenton, FL	40,869	9,531	52,716	0	2,050	9,531	54,766	64,297	641	1996 (Note 4)
East Towne Mall, Knoxville, TN	55,000	5,269	22,965	3,699	20,083	8,968	43,048	52,016	2,216	1984
Eastern Hills Mall, Buffalo, NY	40,869	15,444	47,604	0	77	15,444	47,681	63,125	604	1996 (Note 4)
Eastgate Consumer Mall, Indianapolis, IN	25,429	425	4,722	187	2,826	612	7,548	8,160	2,683	1991 (Note 3)
Eastland Mall, Tulsa, OK	30,000	3,124	24,035	518	5,692	3,642	29,727	33,369	3,341	1986
Forest Mall, Fond Du Lac, WI	12,800	754	4,498	0	903	754	5,401	6,155	1,035	1973
Forest Village Park, Forestville, MD	20,600	1,212	4,625	757	3,401	1,969	8,026	9,995	1,171	1980
Fremont Mall, Fremont, NE	0	26	1,280	265	1,718	291	2,998	3,289	237	1983
Glen Burnie Mall, Glen Burnie, MD	6,978	7,422	22,878	0	0	7,422	22,878	30,300	275	1996 (Note 4)
Golden Ring Mall, Baltimore, MD	29,750	1,130	8,955	572	8,436	1,702	17,391	19,093	2,486	1974 (Note 3)
Great Lakes Mall, Cleveland, OH	62,856	14,608	100,362	0	318	14,608	100,680	115,288	1,216	1996 (Note 4)
Greenwood Park Mall, Greenwood, IN	36,374	2,606	23,500	5,275	50,895	7,881	74,395	82,276	8,648	1977
Gulf View Square, Port Richey, FL	38,600	13,689	39,997	0	11	13,689	40,008	53,697	481	1996 (Note 4)
Heritage Park, Midwest City, OK	0	598	6,213	0	705	598	6,918	7,516	1,118	1978
Hutchinson Mall, Hutchison, KS	11,523	1,777	18,427	0	2,174	1,777	20,601	22,378	2,753	1985

NAME, LOCATION	ENCUMBRANCES	INITIAL COST LAND	INITIAL COST BUILDINGS AND IMPROVEMENTS	COST CAPITALIZED SUBSEQUENT TO ACQUISITION LAND	COST CAPITALIZED SUBSEQUENT TO ACQUISITION BUILDINGS AND IMPROVEMENTS	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD LAND	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
Independence Center, Independence, MO	0	5,539	45,822	0	2,080	5,539	47,902	53,441	2,838	1994 (Note 3)
Ingram Park Mall, San Antonio, TX	56,107	820	17,182	169	11,562	989	28,744	29,733	4,167	1979
Irving Mall, Irving, TX	43,375	6,736	17,479	2,533	10,673	9,269	28,152	37,421	4,966	1971
Jefferson Valley Mall, Yorktown, NY	50,000	4,869	30,304	0	2,649	4,869	32,953	37,822	4,240	1983
La Plaza, McAllen, TX	50,526	2,194	9,828	0	2,042	2,194	11,870	14,064	1,571	1976
Lafayette Square, Indianapolis, IN	0	25,546	43,294	0	1,988	25,546	45,282	70,828	483	1996 (Note 4)
Lima Mall, Lima, OH	19,412	7,910	35,495	0	219	7,910	35,714	43,624	431	1996 (Note 4)
Lincolnwood Town Center, Lincolnwood, IL	63,000	11,197	63,490	28	0	11,225	63,490	74,715	5,926	1990
Longview Mall, Longview, TX	22,100	278	3,602	124	2,437	402	6,039	6,441	1,208	1978
Machesney Park Mall, Rockford, IL	0	613	7,460	120	3,025	733	10,485	11,218	1,683	1979
Mall of the Mainland, Galveston, TX	40,706	1,861	4,708	0	0	1,861	4,708	6,569	57	1996 (Note 4)
Markland Mall, Kokomo, IN	10,000	0	7,568	0	901	0	8,469	8,469	913	1983
Mc Cain Mall, N. Little Rock, AR	26,304	0	9,515	0	5,303	0	14,818	14,818	2,856	1973
Melbourne Square, Melbourne, FL	40,214	20,552	51,110	0	48	20,552	51,158	71,710	616	1996 (Note 4)
Memorial Mall, Sheboygan, WI	0	175	4,881	0	624	175	5,505	5,680	740	1980
Miami International Mall, Miami, FL	47,500	18,685	69,959	0	22	18,685	69,981	88,666	9,104	1996 (Note 4)
Midland Park Mall, Midland, TX	22,500	704	9,613	0	2,510	704	12,123	12,827	1,996	1980
Miller Hill Mall, Duluth, MN	34,500	2,537	18,114	0	1,522	2,537	19,636	22,173	2,556	1973
Mission Viejo Mall, Mission Viejo, CA	0	9,139	54,445	0	9,595	9,139	64,040	73,179	701	1996 (Note 4)
Mounds Mall, Anderson, IN	0	0	2,689	0	1,536	0	4,225	4,225	681	1964
Muncie Mall, Muncie, IN	44,000	210	5,964	0	12,906	210	18,870	19,080	1,434	1975
North East Mall, Hurst, TX	22,442	1,440	13,473	784	15,447	2,224	28,920	31,144	369	1996 (Note 4)
North Towne Square, Toledo, OH	23,500	579	8,382	0	1,411	579	9,793	10,372	2,205	1980
Northgate Shopping Center, Seattle	80,983	89,991	57,873	0	283	89,991	58,156	148,147	699	1996 (Note 4)
Northwoods Mall, Peoria, IL	0	1,202	12,779	1,449	17,574	2,651	30,353	33,004	4,484	1983 (Note 3)
Orange Park Mall, Orange Park, FL	0	13,345	65,173	0	2,241	13,345	67,414	80,759	3,881	1994 (Note 3)
Paddock Mall, Ocala, FL	30,700	20,420	30,490	0	32	20,420	30,522	50,942	368	1996 (Note 4)
Port Charlotte Town Center, Port Charlotte, FL	46,548	5,561	59,381	0	9	5,561	59,390	64,951	715	1996 (Note 4)
Prien Lake Mall, Lake Charles, LA	0	1,926	2,829	725	3,338	2,651	6,167	8,818	821	1972
Raleigh Springs Mall, Memphis, TN	24,921	9,137	28,604	0	34	9,137	28,638	37,775	339	1996 (Note 4)
Randall Park Mall, Cleveland, OH	34,269	4,421	52,456	0	480	4,421	52,936	57,357	650	1996 (Note 4)
Richardson Square, Dallas, TX	15,948	4,867	6,329	0	101	4,867	6,430	11,297	101	1996 (Note 4)
Richmond Mall, Cleveland, OH	0	2,666	12,112	0	2	2,666	12,114	14,780	146	1996 (Note 4)
Richmond Square, Richmond, IN	6,977	4,309	11,343	0	488	4,309	11,831	16,140	137	1996 (Note 4)
Ross Park Mall, Pittsburgh, PA	60,000	15,269	50,995	9,617	40,162	24,886	91,157	116,043	2,554	1996 (Note 4)
South Park Mall, Shreveport, LA	24,748	855	13,691	74	2,193	929	15,884	16,813	2,682	1975
Southern Park Mall, Youngstown, OH	55,822	16,982	77,774	97	2,792	17,079	80,566	97,645	947	1996 (Note 4)
Southgate Mall, Yuma, AZ	0	1,817	7,974	0	2,826	1,817	10,800	12,617	1,282	1988 (Note 3)
Southtown Mall, Ft. Wayne, IN	0	2,059	13,288	0	959	2,059	14,247	16,306	3,395	1969

NAME, LOCATION	ENCUMBRANCES	INITIAL COST LAND	INITIAL COST BUILDINGS AND IMPROVEMENTS	COST CAPITALIZED SUBSEQUENT TO ACQUISITION LAND	COST CAPITALIZED SUBSEQUENT TO ACQUISITION BUILDINGS AND IMPROVEMENTS	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD LAND	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
St Charles Towne Center Waldorf, MD	0	9,328	52,974	1,180	8,786	10,508	61,760	72,268	7,909	1990
Summit Mall, Akron, OH	29,904	25,037	45,036	0	7,106	25,037	52,142	77,179	493	1996 (Note 4)
Sunland Park Mall, El Paso, TX	40,149	2,896	28,900	0	1,664	2,896	30,564	33,460	4,771	1988
Tacoma Mall, Tacoma, WA	94,752	39,504	125,826	0	859	39,504	126,685	166,189	1,520	1996 (Note 4)
Tippecanoe Mall, Lafayette, IN	47,556	4,320	8,474	5,355	30,307	9,675	38,781	48,456	4,500	1973
Towne East Square, Wichita, KS	57,419	9,495	18,479	2,042	7,134	11,537	25,613	37,150	4,540	1975
Towne West Square, Wichita, KS	40,250	988	21,203	76	3,493	1,064	24,696	25,760	4,050	1980
Treasure Coast Square, Stuart, FL	54,581	11,124	73,108	0	0	11,124	73,108	84,232	882	1996 (Note 4)
Tyrone Square, St. Petersburg, FL	68,780	15,638	120,962	0	125	15,638	121,087	136,725	1,442	1996 (Note 4)
University Mall, Little Rock, AR	0	123	17,411	0	320	123	17,731	17,854	2,824	1967
University Mall, Pensacola, FL	0	4,741	26,657	0	1,113	4,741	27,770	32,511	1,636	1994 (Note 3)
University Park Mall, South Bend, IN	59,500	15,105	61,466	0	4,019	15,105	65,485	80,590	6,587	1996 (Note 4)
Upper Valley Mall, Springfield, OH	27,911	8,422	38,745	0	153	8,422	38,898	47,320	473	1996 (Note 4)
Valle Vista Mall, Harlingen, TX	34,837	1,398	17,266	372	6,692	1,770	23,958	25,728	3,161	1983
Virginia Center Commons	0	9,765	64,285	0	397	9,765	64,682	74,447	449	1996 (Note 4)
Washington Square, Indianapolis, IN	42,861	20,146	41,248	0	218	20,146	41,466	61,612	505	1996 (Note 4)
West Ridge Mall, Topeka, KS	50,005	5,775	34,132	197	2,317	5,972	36,449	42,421	4,573	1988
White Oaks Mall, Springfield, IL	16,500	3,024	35,692	1,153	12,835	4,177	48,527	52,704	3,269	1977
Wichita Mall, Wichita, KS	0	0	4,535	0	384	0	4,919	4,919	865	1981
Windsor Park Mall, San Antonio, TX	14,960	1,194	16,940	130	3,197	1,324	20,137	21,461	3,087	1976
Woodville Mall, Toledo, OH	0	1,830	4,454	0	0	1,830	4,454	6,284	54	1996 (Note 4)
COMMUNITY SHOPPING CENTERS										
Arvada Plaza, Arvada, CO	0	70	342	0	581	70	923	993	119	1966
Aurora Plaza, Aurora, CO	0	35	5,754	0	908	35	6,662	6,697	1,009	1966
Bloomingdale Court, Bloomingdale, IL	29,009	9,735	26,184	0	648	9,735	26,832	36,567	2,209	1987
Boardman Plaza, Youngstown, OH	13,955	8,189	26,355	0	134	8,189	26,489	34,678	318	1996 (Note 4)
Bridgeview Court, Bridgeview, IL	0	308	3,638	0	0	308	3,638	3,946	383	1988
Brightwood Plaza, Indianapolis, IN	0	65	128	0	208	65	336	401	61	1965
Bristol Plaza, Bristol, VA	0	61	325	0	21	61	346	407	94	1966
Buffalo Grove Towne Center, Buffalo Grove, IL	0	2,044	6,602	0	209	2,044	6,811	8,855	225	1988
Celina Plaza, El Paso, TX	0	138	815	0	13	138	828	966	108	1977
Chesapeake Center, Chesapeake, VA	6,563	5,500	12,279	0	23	5,500	12,302	17,802	148	1996 (Note 4)
Cohoes Commons, Rochester, NY	0	1,698	8,426	0	51	1,698	8,477	10,175	1,282	1984
Countryside Plaza, Countryside, IL	0	1,243	8,507	0	481	1,243	8,988	10,231	1,410	1977
East Towne Commons, Knoxville, TN	0	3,921	5,345	0	1,604	3,921	6,949	10,870	632	1990
Eastland Plaza, Tulsa, OK	0	908	3,709	0	29	908	3,738	4,646	374	1987
Forest Plaza, Rockford, IL	16,904	4,270	16,818	453	364	4,723	17,182	21,905	1,231	1985
Fox River Plaza, Elgin, IL	12,654	2,907	9,453	0	60	2,907	9,513	12,420	716	1985
Great Lakes Plaza, Cleveland, OH	0	1,027	2,025	0	925	1,027	2,950	3,977	26	1996 (Note 4)
Greenwood Plus, Greenwood, IN	0	1,350	1,792	0	3,914	1,350	5,706	7,056	507	1979 (Note 3)

NAME, LOCATION	ENCUMBRANCES	INITIAL COST LAND	INITIAL COST BUILDINGS AND IMPROVEMENTS	COST CAPITALIZED SUBSEQUENT TO ACQUISITION LAND	COST CAPITALIZED SUBSEQUENT TO ACQUISITION BUILDINGS AND IMPROVEMENTS	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD LAND	GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
Griffith Park Plaza, Griffith, IN	0	0	2,412	0	93	0	2,505	2,505	398	1979
Grove at Lakeland Square, The, Lakeland, FL	3,750	5,237	6,016	0	42	5,237	6,058	11,295	73	1996 (Note 4)
Hammond Square, Sandy Springs, GA	0	0	27	0	1	0	28	28	4	1974
Highland Lakes Center, Orlando, FL	14,377	13,950	18,490	0	6	13,950	18,496	32,446	223	1996 (Note 4)
Ingram Plaza, San Antonio, TX	0	421	1,802	4	22	425	1,824	2,249	338	1980
Lake Plaza, Waukegan, IL	0	2,868	6,420	0	203	2,868	6,623	9,491	445	1986
Lake View Plaza, Orland Park, IL	22,169	4,775	17,586	0	256	4,775	17,842	22,617	1,239	1986
Lima Center Lima, OH	0	1,808	5,151	0	0	1,808	5,151	6,959	58	1996 (Note 4)
Lincoln Crossing, O'Fallon, IL	997	1,079	2,692	0	36	1,079	2,728	3,807	329	1990
Mainland Crossing, Galveston, TX	3,516	1,850	1,737	0	2	1,850	1,739	3,589	82	1996 (Note 4)
Maplewood Square, Omaha, NE	0	466	1,249	0	42	466	1,291	1,757	220	1987
Markland Plaza, Kokomo, IN	0	210	1,258	0	356	210	1,614	1,824	282	1975
Martinsville Plaza, Martinsville, VA	0	0	584	0	45	0	629	629	199	1980
Marwood Plaza, Indianapolis, IN	0	52	3,597	0	82	52	3,679	3,731	402	1962
Matteson Plaza, Matteson, IL	11,159	1,830	9,737	0	1,496	1,830	11,233	13,063	813	1988
Memorial Plaza, Sheboygan, WI	0	250	436	0	129	250	565	815	156	1966
Mounds Mall Cinema, Anderson, IN	0	88	158	0	1	88	159	247	30	1975
New Castle Plaza, New Castle, IN	0	128	1,621	0	426	128	2,047	2,175	337	1966
North Ridge Plaza, Joliet, IL	0	2,831	7,699	0	30	2,831	7,729	10,560	653	1985
North Riverside Park Plaza, N. Riverside, IL	7,785	1,062	2,490	0	195	1,062	2,685	3,747	454	1977
Northland Plaza, Columbus, OH	0	4,490	8,893	0	271	4,490	9,164	13,654	602	1988
Northwood Plaza, Fort Wayne, IN	0	304	2,922	0	330	304	3,252	3,556	494	1977
Park Plaza, Hopkinsville, KY	0	300	1,572	0	24	300	1,596	1,896	224	1968
Regency Plaza, St. Charles, MO	1,878	616	4,963	0	126	616	5,089	5,705	319	1988
St. Charles Towne Plaza, Waldorf, MD	30,887	8,835	18,993	0	0	8,835	18,993	27,828	1,412	1987
Teal Plaza, Lafayette, IN	0	99	878	0	93	99	971	1,070	96	1986
Terrace at The Florida Mall, Orlando, FL	4,688	5,647	4,126	0	930	5,647	5,056	10,703	57	1996 (Note 4)
Tippecanoe Plaza, Lafayette, IN	0	265	440	305	3,315	570	3,755	4,325	355	1962
University Center, South Bend, IN	0	2,388	5,214	0	3	2,388	5,217	7,605	1,031	1996 (Note 4)
Wabash Village, West Lafayette, IN	0	0	976	0	58	0	1,034	1,034	175	1976
Washington Plaza, Indianapolis, IN	0	942	1,697	0	0	942	1,697	2,639	233	1996 (Note 4)
West Ridge Plaza, Topeka, KS	4,612	1,491	4,620	0	508	1,491	5,128	6,619	310	1988
White Oaks Plaza, Springfield, IL	12,345	3,265	14,267	0	154	3,265	14,421	17,686	1,022	1986
Wood Plaza, Fort Dodge, IA	0	45	380	0	701	45	1,081	1,126	158	1967
SPECIALTY RETAIL CENTERS										
The Forum Shops at Caesars, Las Vegas, NV	122,716	0	72,866	0	39,931	0	112,797	112,797	8,220	1992
Trolley Square, Salt Lake City, UT	27,141	4,899	27,539	263	639	5,162	28,178	33,340	2,968	1986 (Note 3)
MIXED-USE PROPERTIES										
New Orleans Centre, New Orleans, LA	20,934	3,769	41,231	0	701	3,769	41,932	45,701	491	1996 (Note 4)

		INITIAL COST		COST CAPITALIZED SUBSEQUENT TO ACQUISITION		GROSS AMOUNTS WHICH CARRIED AT CLOSE OF PERIOD				
NAME, LOCATION	ENCUMBRANCES	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	LAND	BUILDINGS AND IMPROVEMENTS	TOTAL	ACCUMULATED DEPRECIATION	DATE OF CONSTRUCTION
O Hare International Center, Rosemont, IL	27,500	172	60,287	1	8,210	173	68,497	68,670	11,270	1986
Riverway, Rosemont, IL	131,450	8,738	129,175	16	5,886	8,754	135,061	143,815	21,580	1988
DEVELOPMENT PROJECTS										
Bowie Town Center, Bowie, MD		6,000	0	0	11	6,000	11	6,011	0	1996 (Note 4)
Indian River Peripheral, Vero Beach, FL		826	0	0	57	826	57	883	0	1996 (Note 4)
The Shops at Sunset Place, South Miami, FL	0	11,898	3,210	399	12,960	12,297	16,170	28,467	0	1995
Other	0	0	674	0	884	0	1,558	1,558	0	1995
	$3,089,525	$944,129	$3,648,643	$59,092	$621,601	$1,003,221	$4,270,244	$5,273,465	$ 270,637	

SIMON DEBARTOLO GROUP, L.P.

NOTES TO SCHEDULE III AS OF DECEMBER 31, 1996

(DOLLARS IN THOUSANDS)

(1) Reconciliation of Real Estate Properties:

The changes in real estate assets for the years ended December 31, 1996 and 1995 are as follows:

	1996	1995
BALANCE, BEGINNING OF YEAR	$2,143,925	$1,887,122
ACQUISITIONS	2,843,287	32,547
IMPROVEMENTS	224,605	73,097
DISPOSALS	(19,579)	(12,722)
CONSOLIDATION	81,227	163,881
BALANCE, CLOSE OF YEAR	$5,273,465	$2,143,925

The aggregate net book value for federal income tax purposes as of December 31, 1996 was $3,161,185.

(2) Reconciliation of Accumulated Depreciation:

The changes in accumulated depreciation and amortization for the years ended December 31, 1996 and 1995 are as follows:

	1996	1995
Balance, beginning of year	$ 147,341	$ 68,222
Carryover of minority partners' interest in accumulated depreciation of DeBartolo Properties	13,505	--
Depreciation expense	120,565	79,126
Disposals	(10,774)	(7)
Balance, close of year	$ 270,637	$ 147,341

Depreciation of Simon DeBartolo Group, L.P.'s investment in buildings and improvements reflected in the statements of operations is calculated over the estimated original lives of the assets as follows:

Buildings - typically 35 years
Improvements - shorter of lease term or useful life

(3) Initial cost represents net book value at December 20, 1993.

(4) Not developed/constructed by the Simons or the DeBartolos. The date of construction represents acquisition date.

INDEX TO EXHIBITS

EXHIBITS	
2.1	Agreement and Plan of Merger among SPG, Sub and DRC, dated as of March 26, 1996, as amended (included as Annex I to the Prospectus/Joint Proxy Statement filed as part of Form S-4 of Simon Property Group, Inc. (Registration No. 333-06933)
****3.3	Articles Supplementary with respect to the Series B Preferred Stock of the Company to the Amended and Restated Charter.
*4.1	Secured Promissory Note and Open-End Mortgage and Security Agreement from Simon Property Group, L.P. in favor of Principal Mutual Life Insurance Company (Pool 1).
*4.2	Secured Promissory Note and Open-End Mortgage and Security Agreement from Simon Property Group, L.P. in favor of Principal Mutual Life Insurance Company (Pool 2).
****4.3	Credit Agreement dated as of September 27, 1996 among the Operating Partnership and Morgan Guaranty Trust Company of New York, Union Bank of Switzerland and Chase Manhattan Bank as Lead Agents.
*9.1	Voting Trust Agreement, Voting Agreement and Proxy between MSA, on the one hand, and Melvin Simon, Herbert Simon and David Simon, on the other hand.
10.1	Fifth Amended and Restated Limited Partnership Agreement of Simon DeBartolo Group, L.P. (Incorporated by Reference to Exhibit 10.1.1 of the Company's Form S-4 (Registration No. 333-06933))
10.2	Third Amended and Restated Agreement of Limited Partnership of Simon Property Group, L.P. (Incorporated by Reference to Exhibit 10.1.2 of the Company's Form S-4 (Registration No. 333-06933))
*10.3	Noncompetition Agreement dated as of December 1, 1993 between the Company and each of Melvin Simon and Herbert Simon.
*10.4	Noncompetition Agreement dated as of December 1, 1993 between the Company and David Simon.
*10.5	Restriction and Noncompetition Agreement dated as of December 1, 1993 among the Company and the Management Companies.
*10.6	Simon Property Group, L.P. Employee Stock Plan.
*10.7	Simon DeBartolo Group, Inc. Director Stock Option Plan.
****10.8	Restated Indemnity Agreement dated as of August 9, 1996 between the Company and its directors and officers.
*10.9	Option Agreement to acquire the Excluded Retail Properties. (Previously filed as Exhibit 10.10.)
*10.10	Option Agreement to acquire the Excluded Properties--Land. (Previously filed as Exhibit 10.11.)
*10.11	Registration Rights Agreement dated as of December 1, 1993 between the Company, certain Limited Partners and certain other parties. (Previously filed as Exhibit 10.12.)
*10.12	Option Agreements dated as of December 1, 1993 between the Management Company and Simon Property Group, L.P. (Previously filed as Exhibit 10.20.)
*10.13	Option Agreement dated as of December 1, 1993 to acquire Development Land. (Previously filed as Exhibit 10.22.)
*10.14	Option Agreement dated December 1, 1993 between the Management Company and Simon Property Group, L.P. (Previously filed as Exhibit 10.25.)
*10.15	Option Agreement dated December 1, 1993 between Simon Enterprises, Inc. and Simon Property Group, L.P. (Previously filed as Exhibit 10.26.)
*10.16	Lock-Up Agreement dated December 20, 1993 between MSA and Simon Property Group, L.P. (Previously filed as Exhibit 10.27.)
***10.17	Operating Agreement of Summit Mall Company, L.L.C. dated February 23, 1995.
***10.18	Series A Preferred Stock Purchase Agreement between the Company and Algemeen Burgerlijk Pensioenfonds dated as of October 27, 1995.

10.19	Partnership Agreement of DeBartolo Capital Partnership (the "Financing Partnership") (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(b).)
10.20	Amended and Restated Articles of Incorporation of DPMI (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(c).)
10.21	Amended and Restated Code of Regulations of DPMI (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(d).)
10.22	Assignment and Assumption of Management, Leasing and Development Agreements between DPMI and DRP, LP (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.14.)
10.23	Assignment and Assumption of Corporate Services Agreement DPMI and DRP, LP (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.15.)
10.24	Bill of Sale between DPMI and DRP, LP (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.16.)
10.25	First Amendment to the Corporate Services Agreement between DRC and DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.17.)
10.26	Service Agreement between EJDC and DPMI (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10.(f).)
10.27	Master Services Agreement between DRP, LP and DPMI (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(g).)
10.28	First Amendment to Master Services Agreement between DRP, LP and DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.20.)
10.29	Restated Master Services Agreement between the Financing Partnership and DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.22.)
10.30	Master Services Agreement between the Financing Partnership and DRP, LP (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.23.)
10.31	Form of Mortgage or Securitized Debt Financing (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(i).)
10.32	Loan Agreement for Securitized Debt Financing (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(j).)
10.33	DRC 1994 Stock Incentive Plan (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(k).)
10.34	Purchase Option and Right of First Refusal Agreement between DRP, LP and Edward J. DeBartolo (for Northfield Square) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(o).)
10.35	Indemnification Agreement between DRC and its directors and officers (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(u).)
10.36	Amendment to Indemnification Agreement between DRP, LP and the directors and officers of DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.49.)
10.37	Indemnification Agreement between DRP, LP and the directors and officers of DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.50.)
10.38	Indemnification Agreement between DPMI and its directors and officers (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.51.)
10.39	Form of Partnership Interest Exchange Agreement among DRC; DRP, LP; and certain DeBartolo Employees (Relating to November 29, 1993 Private Placement) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(ac)(1).)
10.40	Form of Partnership Interest Exchange Agreement among DRC; DRP, LP; and certain DeBartolo Employees (Relating to April 1, 1994 Private Placement) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(ac)(2).)
10.41	Form of Partnership Interest Purchase Agreement with Amendment among DRC and certain DeBartolo Employees (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(ad).)
10.42	Letter Agreement regarding Access to Confidential Information among DRC; DRP, LP; and EJDC (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(ae).)

10.43	Office Lease between DRP, LP and an affiliate of EJDC (Southwoods Executive Center) (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.69.)
10.44	Sublease between DRP, LP and DPMI (Incorporated by reference to the 1995 DRC Form 10-K Exhibit 10.70.)
10.45	Purchase Option and Right of First Refusal Agreement between DRP, LP and Robinson Mall, Inc. (for The Mall at Robinson Town Center) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(p)(1).)
10.46	Purchase Option and Right of First Refusal Agreement between DRP, LP and EJDC (for SouthPark Center Development Site) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(p)(2).)
10.47	Purchase Option and Right of First Refusal Agreement between DRP, LP and Washington Mall Associates (for Washington, Pennsylvania Site) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(p)(3).)
10.48	Purchase Option and Right of First Offer Agreement between DRP, LP and Cutler Ridge Mall, Inc. (for Cutler Ridge Mall) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(q)(1).)
10.49	Purchase Option and Right of First Offer Agreement between DRP, LP and Almonte, Inc. (for Red Bird Mall) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(q)(2).)
10.50	Purchase Option and Right of First Refusal Agreement between DRP, LP and DeBartolo-Stow Associates (for University Town Center) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(r).)
10.51	Acquisition Option Agreement between DRP, LP and Coral Square Associates (for Coral Square) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(s)(1).)
10.52	Acquisition Option Agreement between DRP, LP and Lakeland Square Associates (for Lakeland Square) (Incorporated by reference to the 1994 DRC Form 10-K Exhibit 10(s)(2).)
****10.53	Amended and Restated Articles of Incorporation of SD Property Group, Inc.
****10.54	Amended and Restated Regulations of SD Property Group, Inc.
****10.55	Indemnity Agreement by and between the Company and its new Directors, dated as of August 9, 1996
****10.56	Contribution Agreement, dated as of June 25, 1996, by and among DRC and the former limited partners of SPG, LP., excluding JCP Realty, Inc. and Brandywine Realty, Inc.
****10.57	JCP Contribution Agreement, dated as of August 8, 1996, by and among DRC and JCP Realty, Inc., and Brandywine Realty, Inc.
****10.58	Subscription Agreement by and between Day Acquisition Corp., and the Purchaser (as defined in this Exhibit)
****10.59	Amendment to Service Agreement dated as of August 9, 1996, between EJDC and DPMI
****10.60	Registration Rights Agreement (the "Agreement"), dated as of August 9, 1996, by and among the "Simon Family Members" (As defined in the Agreement), SPG, Inc., JCP Realty, Inc., Brandywine Realty, Inc., and the Estate of Edward J. DeBartolo Sr., Edward J. DeBartolo, Jr., Marie Denise DeBartolo York, and the Trusts and other entities listed on Schedule 2 of the Agreement, and any of their respective successors-in-interest and permitted assigns.
****10.61	Fourth Amendment to Purchase Option Agreement, dated as of July 15, 1996, between JCP Realty, Inc., and DRP, LP.
****21.1	List of Subsidiaries of the Company.
23.1	Consent of Arthur Andersen LLP.
****99.1	Agreement dated November 13, 1996 between Simon DeBartolo Group, Inc. and Simon DeBartolo Group, L.P. (Incorporated by reference to Amendment No. 3 of Form S-3 filed by Simon DeBartolo Group, L.P. and Simon Property Group, L.P. on November 20, 1996 under Registration No. 333-11491)

* Incorporated by reference to the exhibit with the same number (or as indicated) that was filed with the Company's Form 10-K for the fiscal year ended December 31, 1993.

** Incorporated by reference to the exhibit numbered as indicated that was filed with the Company's Form 10-K for the fiscal year ended December 31, 1994.

*** Incorporated by reference to the exhibit numbered as indicated that was filed with the Company's Form 10-K for the fiscal year ended December 31, 1995.

**** Incorporated by reference to the exhibit numbered as indicated that was filed with the Company's Form 10-K for the fiscal year ended December 31, 1996.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports, included in this Form 10-K, into Simon DeBartolo Group, L.P.'s previously filed Registration Statement File No. 333-11491.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana,
March 26, 1997