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

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2019

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

Delaware **(Simon Property Group, Inc.)** **Delaware** **(Simon Property Group, L.P.)** (State of incorporation or organization)	**001-14469** **(Simon Property Group, Inc.)** **001-36110** **(Simon Property Group, L.P.)** (Commission File No.)	**04-6268599** **(Simon Property Group, Inc.)** **34-1755769** **(Simon Property Group, L.P.)** (I.R.S. Employer Identification No.)

225 West Washington Street
Indianapolis, Indiana 46204
(Address of principal executive offices)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Simon Property Group, Inc. Yes ☒ No ☐ Simon Property Group, L.P. Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Simon Property Group, Inc. Yes ☒ No ☐ Simon Property Group, L.P. Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Simon Property Group, Inc.:

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Emerging growth company ☐

Simon Property Group, L.P.:

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Simon Property Group, Inc. ☐ Simon Property Group, L.P. ☐

Indicate by check mark whether Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act).

Simon Property Group, Inc. Yes ☐ No ☒ Simon Property Group, L.P. Yes ☐ No ☒

Securities registered pursuant to Section 12(b) of the Act:

	Title of each class	**Trading Symbols**	**Name of each exchange on which registered**
Simon Property Group, Inc.	Common stock, $0.0001 par value	SPG	New York Stock Exchange
Simon Property Group, Inc.	$8^{3}/_{8}$% Series J Cumulative Redeemable Preferred Stock, $0.0001 par value	SPGJ	New York Stock Exchange
Simon Property Group, L.P.	2.375% Senior Unsecured Notes due 2020	SPG/20	New York Stock Exchange

As of March 31, 2019, Simon Property Group, Inc. had 308,985,608 shares of common stock, par value $0.0001 per share, and 8,000 shares of Class B common stock, par value $0.0001 per share, outstanding. Simon Property Group, L.P. has no common stock outstanding.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarterly period ended March 31, 2019 of Simon Property Group, Inc., a Delaware corporation, and Simon Property Group, L.P., a Delaware limited partnership. Unless stated otherwise or the context otherwise requires, references to "Simon" mean Simon Property Group, Inc. and references to the "Operating Partnership" mean Simon Property Group, L.P. References to "we," "us" and "our" mean collectively Simon, the Operating Partnership and those entities/subsidiaries owned or controlled by Simon and/or the Operating Partnership.

Simon is a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. We are structured as an umbrella partnership REIT under which substantially all of our business is conducted through the Operating Partnership, Simon's majority-owned partnership subsidiary, for which Simon is the general partner. As of March 31, 2019, Simon owned an approximate 86.9% ownership interest in the Operating Partnership, with the remaining 13.1% ownership interest owned by limited partners. As the sole general partner of the Operating Partnership, Simon has exclusive control of the Operating Partnership's day-to-day management.

We operate Simon and the Operating Partnership as one business. The management of Simon consists of the same members as the management of the Operating Partnership. As general partner with control of the Operating Partnership, Simon consolidates the Operating Partnership for financial reporting purposes, and Simon has no material assets or liabilities other than its investment in the Operating Partnership. Therefore, the assets and liabilities of Simon and the Operating Partnership are the same on their respective financial statements.

We believe that combining the quarterly reports on Form 10-Q of Simon and the Operating Partnership into this single report provides the following benefits:

- enhances investors' understanding of Simon and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined presentation since substantially all of the disclosure in this report applies to both Simon and the Operating Partnership; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

We believe it is important for investors to understand the few differences between Simon and the Operating Partnership in the context of how we operate as a consolidated company. The primary difference is that Simon itself does not conduct business, other than acting as the general partner of the Operating Partnership and issuing equity or equity-related instruments from time to time. In addition, Simon itself does not incur any indebtedness, as all debt is incurred by the Operating Partnership or entities/subsidiaries owned or controlled by the Operating Partnership.

The Operating Partnership holds, directly or indirectly, substantially all of our assets, including our ownership interests in our joint ventures. The Operating Partnership conducts substantially all of our business and is structured as a partnership with no publicly traded equity. Except for the net proceeds from equity issuances by Simon, which are contributed to the capital of the Operating Partnership in exchange for, in the case of common stock issuances by Simon, common units of partnership interest in the Operating Partnership, or units, or, in the case of preferred stock issuances by Simon, preferred units of partnership interest in the Operating Partnership, or preferred units, the Operating Partnership, directly or indirectly, generates the capital required by our business through its operations, the incurrence of indebtedness, proceeds received from the disposition of certain properties and joint ventures and the issuance of units or preferred units to third parties.

The presentation of stockholders' equity, partners' equity and noncontrolling interests are the main areas of difference between the consolidated financial statements of Simon and those of the Operating Partnership. The differences between stockholders' equity and partners' equity result from differences in the equity issued at the Simon and Operating Partnership levels. The units held by limited partners in the Operating Partnership are accounted for as partners' equity in the Operating Partnership's financial statements and as noncontrolling interests in Simon's financial statements. The noncontrolling interests in the Operating Partnership's financial statements include the interests of unaffiliated partners in various consolidated partnerships. The noncontrolling interests in Simon's financial statements include the same noncontrolling interests at the Operating Partnership level and, as previously stated, the units held by limited partners of the Operating Partnership. Although classified differently, total equity of Simon and the Operating Partnership is the same.

To help investors understand the differences between Simon and the Operating Partnership, this report provides:

- separate consolidated financial statements for Simon and the Operating Partnership;
- a single set of condensed notes to such consolidated financial statements that includes separate discussions of noncontrolling interests and stockholders' equity or partners' equity, accumulated other comprehensive income (loss) and per share and per unit data, as applicable;

- a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that also includes discrete information related to each entity; and
- separate Part II, Item 2. Unregistered Sales of Equity Securities and Use of Proceeds sections related to each entity.

This report also includes separate Part I, Item 4. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of Simon and the Operating Partnership in order to establish that the requisite certifications have been made and that Simon and the Operating Partnership are each compliant with Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 and 18 U.S.C. §1350. The separate discussions of Simon and the Operating Partnership in this report should be read in conjunction with each other to understand our results on a consolidated basis and how management operates our business.

In order to highlight the differences between Simon and the Operating Partnership, the separate sections in this report for Simon and the Operating Partnership specifically refer to Simon and the Operating Partnership. In the sections that combine disclosure of Simon and the Operating Partnership, this report refers to actions or holdings of Simon and the Operating Partnership as being "our" actions or holdings. Although the Operating Partnership is generally the entity that directly or indirectly enters into contracts and joint ventures, holds assets and incurs debt, we believe that references to "we," "us" or "our" in this context is appropriate because the business is one enterprise and we operate substantially all of our business through the Operating Partnership.

Simon Property Group, Inc.
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Simon Property Group, Inc.

Unaudited Consolidated Balance Sheets

(Dollars in thousands, except share amounts)

	March 31, 2019	December 31, 2018
ASSETS:		
Investment properties, at cost	**$ 37,193,798**	$ 37,092,670
Less - accumulated depreciation	**13,119,895**	12,884,539
	24,073,903	24,208,131
Cash and cash equivalents	**436,802**	514,335
Tenant receivables and accrued revenue, net	**733,159**	763,815
Investment in unconsolidated entities, at equity	**2,197,309**	2,220,414
Investment in Klépierre, at equity	**1,676,635**	1,769,488
Deferred costs and other assets	**1,723,968**	1,210,040
Total assets	**$ 30,841,776**	$ 30,686,223
LIABILITIES:		
Mortgages and unsecured indebtedness	**$ 23,185,965**	$ 23,305,535
Accounts payable, accrued expenses, intangibles, and deferred revenues	**1,157,477**	1,316,861
Cash distributions and losses in unconsolidated entities, at equity	**1,559,534**	1,536,111
Other liabilities	**1,012,976**	500,597
Total liabilities	**26,915,952**	26,659,104
Commitments and contingencies		
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	**225,882**	230,163
EQUITY:		
Stockholders' Equity		
Capital stock (850,000,000 total shares authorized, $0.0001 par value, 238,000,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock):		
Series J $8^{3/8}\%$ cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding with a liquidation value of $39,847	**42,666**	42,748
Common stock, $0.0001 par value, 511,990,000 shares authorized, 320,435,571 and 320,411,571 issued and outstanding, respectively	**32**	32
Class B common stock, $0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	**—**	—
Capital in excess of par value	**9,706,021**	9,700,418
Accumulated deficit	**(4,979,489)**	(4,893,069)
Accumulated other comprehensive loss	**(120,962)**	(126,017)
Common stock held in treasury, at cost, 11,449,963 and 11,402,103 shares, respectively	**(1,435,309)**	(1,427,431)
Total stockholders' equity	**3,212,959**	3,296,681
Noncontrolling interests	**486,983**	500,275
Total equity	**3,699,942**	3,796,956
Total liabilities and equity	**$ 30,841,776**	$ 30,686,223

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.

Unaudited Consolidated Statements of Operations and Comprehensive Income
(Dollars in thousands, except per share amounts)

	For the Three Months Ended March 31, 2019	2018
REVENUE:		
Lease income	**$ 1,280,058**	$ 1,267,893
Management fees and other revenues	**27,544**	28,181
Other income	**145,232**	98,108
Total revenue	**1,452,834**	1,394,182
EXPENSES:		
Property operating	**111,549**	113,448
Depreciation and amortization	**328,643**	316,936
Real estate taxes	**115,459**	114,187
Repairs and maintenance	**27,922**	27,684
Advertising and promotion	**37,125**	34,800
Home and regional office costs	**52,560**	41,064
General and administrative	**9,136**	12,628
Other	**20,102**	31,502
Total operating expenses	**702,496**	692,249
OPERATING INCOME BEFORE OTHER ITEMS	**750,338**	701,933
Interest expense	**(198,733)**	(205,492)
Income and other taxes	**(10,102)**	(6,220)
Income from unconsolidated entities	**90,444**	90,026
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	135,277
CONSOLIDATED NET INCOME	**631,947**	715,524
Net income attributable to noncontrolling interests	**82,638**	94,036
Preferred dividends	**834**	834
NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS	**$ 548,475**	$ 620,654
BASIC AND DILUTED EARNINGS PER COMMON SHARE:		
Net income attributable to common stockholders	**$ 1.78**	$ 2.00
Consolidated Net Income	**$ 631,947**	$ 715,524
Unrealized gain (loss) on derivative hedge agreements	**9,342**	(6,146)
Net loss reclassified from accumulated other comprehensive loss into earnings	**1,088**	2,153
Currency translation adjustments	**(4,744)**	13,092
Changes in available-for-sale securities and other	**144**	(289)
Comprehensive income	**637,777**	724,334
Comprehensive income attributable to noncontrolling interests	**83,411**	95,140
Comprehensive income attributable to common stockholders	**$ 554,366**	$ 629,194

The accompanying notes are an integral part of these statements.

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

	For the Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income	**$ 631,947**	$ 715,524
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	**339,918**	334,672
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	(135,277)
Unrealized change in fair value of equity instruments	**(5,317)**	3,029
Straight-line lease income	**(11,981)**	(6,276)
Equity in income of unconsolidated entities	**(90,444)**	(90,026)
Distributions of income from unconsolidated entities	**82,918**	77,870
Changes in assets and liabilities		
Tenant receivables and accrued revenue, net	**36,842**	71,858
Deferred costs and other assets	**(20,013)**	(62,839)
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	**(126,523)**	(65,058)
Net cash provided by operating activities	**837,347**	843,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Funding of loans to related parties	**—**	(1,833)
Capital expenditures, net	**(216,781)**	(172,756)
Investments in unconsolidated entities	**(11,980)**	(10,859)
Purchase of marketable and non-marketable securities	**(6,905)**	(7,542)
Insurance proceeds for property restoration	**1,757**	—
Distributions of capital from unconsolidated entities and other	**120,347**	69,316
Net cash used in investing activities	**(113,562)**	(123,674)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock and other, net of transaction costs	**(82)**	(82)
Purchase of shares related to stock grant recipients' tax withholdings	**(249)**	(276)
Redemption of limited partner units	**(135)**	(6,267)
Purchase of treasury stock	**(7,628)**	(227,901)
Distributions to noncontrolling interest holders in properties	**(1,803)**	(8,376)
Contributions from noncontrolling interest holders in properties	**—**	24
Preferred distributions of the Operating Partnership	**(479)**	(479)
Distributions to stockholders and preferred dividends	**(634,222)**	(606,086)
Distributions to limited partners	**(96,010)**	(91,523)
Proceeds from issuance of debt, net of transaction costs	**2,587,324**	1,756,056
Repayments of debt	**(2,648,034)**	(2,649,995)
Net cash used in financing activities	**(801,318)**	(1,834,905)
DECREASE IN CASH AND CASH EQUIVALENTS	**(77,533)**	(1,115,102)
CASH AND CASH EQUIVALENTS, beginning of period	**514,335**	1,482,309
CASH AND CASH EQUIVALENTS, end of period	**$ 436,802**	$ 367,207

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.
Unaudited Consolidated Statements of Equity
(Dollars in thousands)

	Preferred Stock	Common Stock	Accumulated Other Comprehensive Income (Loss)	Capital in Excess of Par Value	Accumulated Deficit	Common Stock Held in Treasury	Noncontrolling interests	Total Equity
January 1, 2019	**$ 42,748**	**$ 32**	**$ (126,017)**	**$ 9,700,418**	**$ (4,893,069)**	**$ (1,427,431)**	**$ 500,275**	**$ 3,796,956**
Exchange of limited partner units (24,000 common shares, note 8)				253			(253)	—
Series J preferred stock premium amortization	(82)							(82)
Redemption of limited partner units (774 units)				(127)			(8)	(135)
Amortization of stock incentive				1,309				1,309
Treasury stock purchase (46,377 shares)						(7,628)		(7,628)
Long-term incentive performance units							3,701	3,701
Issuance of unit equivalents and other (1,483 common shares repurchased)				1	(1,507)	(250)	(2)	(1,758)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				4,167			(4,167)	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(634,222)		(96,010)	(730,232)
Distributions to other noncontrolling interest partners							(552)	(552)
Other comprehensive income			5,055				775	5,830
Net income, excluding $479 attributable to preferred interests in the Operating Partnership and a $1,065 loss attributable to noncontrolling redeemable interests in properties					549,309		83,224	632,533
March 31, 2019	**$ 42,666**	**$ 32**	**$ (120,962)**	**$ 9,706,021**	**$ (4,979,489)**	**$ (1,435,309)**	**$ 486,983**	**$ 3,699,942**
January 1, 2018	**$ 43,077**	**$ 32**	**$ (110,453)**	**$ 9,614,748**	**$ (4,782,173)**	**$ (1,079,063)**	**$ 552,596**	**$ 4,238,764**
Exchange of limited partner units (6,000 common shares, note 8)				70			(70)	—
Series J preferred stock premium amortization	(83)							(83)
Stock incentive program (236 common shares, net)				(37)		37		—
Redemption of limited partner units (40,503 units)				(5,793)			(474)	(6,267)
Amortization of stock incentive				2,060				2,060
Treasury stock purchase (1,473,588 shares)						(227,901)		(227,901)
Long-term incentive performance units							8,307	8,307
Cumulative effect of accounting change					7,264			7,264
Issuance of unit equivalents and other (1,608 common shares repurchased)				3	(14,935)	(276)	24	(15,184)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership				36,221			(36,221)	—
Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests					(606,086)		(91,523)	(697,609)
Distributions to other noncontrolling interest partners							(489)	(489)
Other comprehensive income			7,706				1,104	8,810
Net income, excluding $479 attributable to preferred interests in the Operating Partnership and a $619 loss attributable to noncontrolling redeemable interests in properties					621,488		94,176	715,664
March 31, 2018	**$ 42,994**	**$ 32**	**$ (102,747)**	**$ 9,647,272**	**$ (4,774,442)**	**$ (1,307,203)**	**$ 527,430**	**$ 4,033,336**

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.

Unaudited Consolidated Balance Sheets

(Dollars in thousands, except unit amounts)

	March 31, 2019	December 31, 2018
ASSETS:		
Investment properties, at cost	**$ 37,193,798**	$ 37,092,670
Less — accumulated depreciation	**13,119,895**	12,884,539
	24,073,903	24,208,131
Cash and cash equivalents	**436,802**	514,335
Tenant receivables and accrued revenue, net	**733,159**	763,815
Investment in unconsolidated entities, at equity	**2,197,309**	2,220,414
Investment in Klépierre, at equity	**1,676,635**	1,769,488
Deferred costs and other assets	**1,723,968**	1,210,040
Total assets	**$ 30,841,776**	$ 30,686,223
LIABILITIES:		
Mortgages and unsecured indebtedness	**$ 23,185,965**	$ 23,305,535
Accounts payable, accrued expenses, intangibles, and deferred revenues	**1,157,477**	1,316,861
Cash distributions and losses in unconsolidated entities, at equity	**1,559,534**	1,536,111
Other liabilities	**1,012,976**	500,597
Total liabilities	**26,915,952**	26,659,104
Commitments and contingencies		
Preferred units, various series, at liquidation value, and noncontrolling redeemable interests in properties	**225,882**	230,163
EQUITY:		
Partners' Equity		
Preferred units, 796,948 units outstanding. Liquidation value of $39,847	**42,666**	42,748
General Partner, 308,993,608 and 309,017,468 units outstanding, respectively	**3,170,293**	3,253,933
Limited Partners, 46,782,598 and 46,807,372 units outstanding, respectively	**479,989**	492,877
Total partners' equity	**3,692,948**	3,789,558
Nonredeemable noncontrolling interests in properties, net	**6,994**	7,398
Total equity	**3,699,942**	3,796,956
Total liabilities and equity	**$ 30,841,776**	$ 30,686,223

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.

Unaudited Consolidated Statements of Operations and Comprehensive Income
(Dollars in thousands, except per unit amounts)

	For the Three Months Ended March 31, 2019	2018
REVENUE:		
Lease income	**$ 1,280,058**	$ 1,267,893
Management fees and other revenues	**27,544**	28,181
Other income	**145,232**	98,108
Total revenue	**1,452,834**	1,394,182
EXPENSES:		
Property operating	**111,549**	113,448
Depreciation and amortization	**328,643**	316,936
Real estate taxes	**115,459**	114,187
Repairs and maintenance	**27,922**	27,684
Advertising and promotion	**37,125**	34,800
Home and regional office costs	**52,560**	41,064
General and administrative	**9,136**	12,628
Other	**20,102**	31,502
Total operating expenses	**702,496**	692,249
OPERATING INCOME BEFORE OTHER ITEMS	**750,338**	701,933
Interest expense	**(198,733)**	(205,492)
Income and other taxes	**(10,102)**	(6,220)
Income from unconsolidated entities	**90,444**	90,026
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	135,277
CONSOLIDATED NET INCOME	**631,947**	715,524
Net loss attributable to noncontrolling interests	**(917)**	(92)
Preferred unit requirements	**1,313**	1,313
NET INCOME ATTRIBUTABLE TO UNITHOLDERS	**$ 631,551**	$ 714,303
NET INCOME ATTRIBUTABLE TO UNITHOLDERS ATTRIBUTABLE TO:		
General Partner	**$ 548,475**	$ 620,654
Limited Partners	**83,076**	93,649
Net income attributable to unitholders	**$ 631,551**	$ 714,303
BASIC AND DILUTED EARNINGS PER UNIT:		
Net income attributable to unitholders	**$ 1.78**	$ 2.00
Consolidated net income	**$ 631,947**	$ 715,524
Unrealized gain (loss) on derivative hedge agreements	**9,342**	(6,146)
Net loss reclassified from accumulated other comprehensive loss into earnings	**1,088**	2,153
Currency translation adjustments	**(4,744)**	13,092
Changes in available-for-sale securities and other	**144**	(289)
Comprehensive income	**637,777**	724,334
Comprehensive income attributable to noncontrolling interests	**148**	527
Comprehensive income attributable to unitholders	**$ 637,629**	$ 723,807

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.

Unaudited Consolidated Statements of Cash Flows

(Dollars in thousands)

	For the Three Months Ended March 31, 2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated Net Income	**$ 631,947**	$ 715,524
Adjustments to reconcile consolidated net income to net cash provided by operating activities		
Depreciation and amortization	**339,918**	334,672
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	(135,277)
Unrealized change in fair value of equity instruments	**(5,317)**	3,029
Straight-line lease income	**(11,981)**	(6,276)
Equity in income of unconsolidated entities	**(90,444)**	(90,026)
Distributions of income from unconsolidated entities	**82,918**	77,870
Changes in assets and liabilities		
Tenant receivables and accrued revenue, net	**36,842**	71,858
Deferred costs and other assets	**(20,013)**	(62,839)
Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities	**(126,523)**	(65,058)
Net cash provided by operating activities	**837,347**	843,477
CASH FLOWS FROM INVESTING ACTIVITIES:		
Funding of loans to related parties	**—**	(1,833)
Capital expenditures, net	**(216,781)**	(172,756)
Investments in unconsolidated entities	**(11,980)**	(10,859)
Purchase of marketable and non-marketable securities	**(6,905)**	(7,542)
Insurance proceeds for property restoration	**1,757**	—
Distributions of capital from unconsolidated entities and other	**120,347**	69,316
Net cash used in investing activities	**(113,562)**	(123,674)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of units and other	**(82)**	(82)
Purchase of units related to stock grant recipients' tax withholdings	**(249)**	(276)
Redemption of limited partner units	**(135)**	(6,267)
Purchase of general partner units	**(7,628)**	(227,901)
Distributions to noncontrolling interest holders in properties	**(1,803)**	(8,376)
Contributions from noncontrolling interest holders in properties	**—**	24
Partnership distributions	**(730,711)**	(698,088)
Mortgage and unsecured indebtedness proceeds, net of transaction costs	**2,587,324**	1,756,056
Mortgage and unsecured indebtedness principal payments	**(2,648,034)**	(2,649,995)
Net cash used in financing activities	**(801,318)**	(1,834,905)
DECREASE IN CASH AND CASH EQUIVALENTS	**(77,533)**	(1,115,102)
CASH AND CASH EQUIVALENTS, beginning of period	**514,335**	1,482,309
CASH AND CASH EQUIVALENTS, end of period	**$ 436,802**	$ 367,207

The accompanying notes are an integral part of these statements.

Simon Property Group, L.P.

Unaudited Consolidated Statements of Equity

(Dollars in thousands)

	Preferred Units	Simon (Managing General Partner)	Limited Partners	Noncontrolling interests	Total Equity
January 1, 2019	**$ 42,748**	**$ 3,253,933**	**$ 492,877**	**$ 7,398**	**$ 3,796,956**
Series J preferred stock premium and amortization	(82)				(82)
Limited partner units exchanged to common units (24,000 units)		253	(253)		—
Amortization of stock incentive		1,309			1,309
Redemption of limited partner units (774 units)		(127)	(8)		(135)
Treasury unit purchase (46,377 units)		(7,628)			(7,628)
Long-term incentive performance units			3,701		3,701
Issuance of unit equivalents and other (1,483 common units)		(1,756)	(2)		(1,758)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		4,167	(4,167)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(834)	(633,388)	(96,010)	(552)	(730,784)
Other comprehensive income		5,055	775		5,830
Net income, excluding preferred distributions on temporary equity preferred units of $479 and a $1,065 loss attributable to noncontrolling redeemable interests in properties	834	548,475	83,076	148	632,533
March 31, 2019	**$ 42,666**	**$ 3,170,293**	**$ 479,989**	**$ 6,994**	**$ 3,699,942**
January 1, 2018	**$ 43,077**	**$ 3,643,091**	**$ 548,858**	**$ 3,738**	**$ 4,238,764**
Series J preferred stock premium and amortization	(83)				(83)
Limited partner units exchanged to common units (6,000 units)		70	(70)		—
Stock incentive program (236 common units, net)		—			—
Amortization of stock incentive		2,060			2,060
Redemption of limited partner units (40,503 units)		(5,793)	(474)		(6,267)
Treasury unit purchase (1,473,588 units)		(227,901)			(227,901)
Long-term incentive performance units			8,307		8,307
Cumulative effect of accounting change		7,264			7,264
Issuance of unit equivalents and other (1,608 common units)		(15,208)		24	(15,184)
Adjustment to limited partners' interest from change in ownership in the Operating Partnership		36,221	(36,221)		—
Distributions to limited partners, excluding preferred interests classified as temporary equity	(834)	(605,252)	(91,523)	(489)	(698,098)
Other comprehensive income		7,706	1,104		8,810
Net income, excluding preferred distributions on temporary equity preferred units of $479 and a $619 loss attributable to noncontrolling redeemable interests in properties	834	620,654	93,649	527	715,664
March 31, 2018	**$ 42,994**	**$ 3,462,912**	**$ 523,630**	**$ 3,800**	**$ 4,033,336**

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.
Simon Property Group, L.P.
Condensed Notes to Consolidated Financial Statements
(Unaudited)
(Dollars in thousands, except share, per share, unit and per unit amounts and where indicated in millions or billions)

1. Organization

Simon Property Group, Inc. is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. REITs will generally not be liable for U.S. federal corporate income taxes as long as they distribute not less than 100% of their REIT taxable income. Simon Property Group, L.P. is our majority-owned Delaware partnership subsidiary that owns all of our real estate properties and other assets. According to the Operating Partnership's partnership agreement, the Operating Partnership is required to pay all expenses of Simon. In these condensed notes to the consolidated financial statements, unless stated otherwise or the context otherwise requires, references to "Simon" mean Simon Property Group, Inc. and references to the "Operating Partnership" mean Simon Property Group, L.P. References to "we," "us" and "our" mean collectively Simon, the Operating Partnership and those entities/subsidiaries owned or controlled by Simon and/or the Operating Partnership. Unless otherwise indicated, these condensed notes to consolidated financial statements apply to both Simon and the Operating Partnership.

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of March 31, 2019, we owned or held an interest in 206 income-producing properties in the United States, which consisted of 107 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 12 other retail properties in 37 states and Puerto Rico. Internationally, as of March 31, 2019, we had ownership in 28 Premium Outlets and Designer Outlet properties primarily located in Asia, Europe, and Canada. As of March 31, 2019, we also owned a 21.6% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company which owns, or has an interest in, shopping centers located in 16 countries in Europe.

2. Basis of Presentation

The accompanying unaudited consolidated financial statements include the accounts of all controlled subsidiaries, and all significant intercompany amounts have been eliminated. Due to the seasonal nature of certain operational activities, the results for the interim periods ended March 31, 2019 are not necessarily indicative of the results to be expected for the full year.

These consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and include all of the information and disclosures required by accounting principles generally accepted in the United States (GAAP) for interim reporting. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments necessary for a fair presentation (including normal recurring accruals) have been included. The consolidated financial statements in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and related notes contained in the combined 2018 Annual Report on Form 10-K of Simon and the Operating Partnership. Certain reclassifications considered necessary for a fair presentation have been made to the prior period financial statements in order to conform to the current year presentation. These reclassifications have not changed the results of operations.

As of March 31, 2019, we consolidated 135 wholly-owned properties and 18 additional properties that are less than wholly-owned, but which we control or for which we are the primary beneficiary. We account for the remaining 81 properties, or the joint venture properties, as well as our investments in Klépierre, Aéropostale, Authentic Brands Group, LLC, or ABG, and HBS Global Properties, or HBS, using the equity method of accounting, as we have determined we have significant influence over their operations. We manage the day-to-day operations of 57 of the 81 joint venture properties, but have determined that our partner or partners have substantive participating rights with respect to the assets and operations of these joint venture properties. Our investments in joint ventures in Japan, South Korea, Mexico, Malaysia, Germany, Canada, and the United Kingdom comprise 20 of the remaining 24 properties. These international properties are managed by joint ventures in which we share control.

Preferred distributions of the Operating Partnership are accrued at declaration and represent distributions on outstanding preferred units of partnership interests, or preferred units, and are included in net income attributable to noncontrolling interests. We allocate net operating results of the Operating Partnership after preferred distributions to limited partners and to Simon based on the partners' respective weighted average ownership interests in the Operating Partnership. Net operating results of the Operating Partnership attributable to limited partners are reflected in net income attributable to noncontrolling interests. Simon's weighted average ownership interest in the Operating Partnership was 86.8% and 86.9% for the three months ended March 31, 2019 and 2018, respectively. As of March 31, 2019 and December 31, 2018, Simon's ownership interest in the Operating Partnership was 86.9% and 86.8%, respectively. We adjust the noncontrolling limited partners' interests at the end of each period to reflect their interest in the net assets of the Operating Partnership.

Preferred unit requirements in the Operating Partnership's accompanying consolidated statements of operations and comprehensive income represent distributions on outstanding preferred units and are recorded when declared.

3. Significant Accounting Policies

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of 90 days or less to be cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents generally consist of commercial paper, bankers' acceptances, Eurodollars, repurchase agreements, and money market deposits or securities. Financial instruments that potentially subject us to concentrations of credit risk include our cash and cash equivalents and our trade accounts receivable. We place our cash and cash equivalents with institutions of high credit quality. However, at certain times, such cash and cash equivalents are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits.

Equity Instruments and Debt Securities

Equity instruments and debt securities consist primarily of the debt securities of our captive insurance subsidiary, equity instruments, our deferred compensation plan investments, and certain investments held to fund the debt service requirements of debt previously secured by investment properties. At March 31, 2019 and December 31, 2018, we had equity instruments with readily determinable fair values of $84.1 million and $78.1 million, respectively. Effective January 1, 2018, changes in fair value of these equity instruments are recorded in earnings. We recognized a cumulative effect adjustment of $7.3 million as of January 1, 2018 to reclassify unrealized gains previously reported in accumulated other comprehensive income as a result of the adoption of Accounting Standards Update (ASU) 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." For the three months ended March 31, 2019 and 2018, we recorded a $3.8 million gain and a $1.9 million loss, respectively, for non-cash mark-to-market adjustments related to these equity securities with readily determinable fair values, which is included in other expense in our consolidated statements of operations and comprehensive income. At March 31, 2019 and December 31, 2018, we had equity instruments without readily determinable fair values of $176.4 million and $175.7 million, respectively, for which we have elected the measurement alternative under this guidance. We regularly evaluate these investments for any impairment in their estimated fair value, as well as any observable price changes for an identical or similar equity instrument of the same issuer, and determined that no material adjustment in the carrying value was required for the three months ended March 31, 2019, and 2018.

Our deferred compensation plan equity instruments are valued based upon quoted market prices. The investments have a matching liability as the amounts are fully payable to the employees that earned the compensation. Changes in value of these securities and changes to the matching liability to employees are both recognized in earnings and, as a result, there is no impact to consolidated net income.

At March 31, 2019 and December 31, 2018, we held debt securities of $46.3 million and $40.1 million, respectively, in our captive insurance subsidiary. The types of securities included in the investment portfolio of our captive insurance subsidiary are typically U.S. Treasury or other U.S. government securities as well as corporate debt securities with maturities ranging from less than one year to ten years. These securities are classified as available-for-sale and are valued based upon quoted market prices or other observable inputs when quoted market prices are not available. The amortized cost of debt securities, which approximates fair value, held by our captive insurance subsidiary is adjusted for amortization of premiums and accretion of discounts to maturity. Changes in the values of these securities are recognized in accumulated other comprehensive income (loss) until the gain or loss is realized or until any unrealized loss is deemed to be other-than-temporary. We review any declines in value of these securities for other-than-temporary impairment and consider the severity and duration of any decline in value. To the extent an other-than-temporary impairment is deemed to have occurred, an impairment is recorded and a new cost basis is established.

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

Our captive insurance subsidiary is required to maintain statutory minimum capital and surplus as well as maintain a minimum liquidity ratio. Therefore, our access to these securities may be limited.

Fair Value Measurements

Level 1 fair value inputs are quoted prices for identical items in active, liquid and visible markets such as stock exchanges. Level 2 fair value inputs are observable information for similar items in active or inactive markets, and appropriately consider counterparty creditworthiness in the valuations. Level 3 fair value inputs reflect our best estimate of inputs and assumptions market participants would use in pricing an asset or liability at the measurement date. The inputs are unobservable in the market and significant to the valuation estimate. We have no investments for which fair value is measured on a recurring basis using Level 3 inputs.

The equity instruments with readily determinable fair values we held at March 31, 2019 and December 31, 2018 were primarily classified as having Level 1 and Level 2 fair value inputs. In addition, we had derivative instruments which were classified as having Level 2 inputs, which consist primarily of foreign currency forward contracts and interest rate swap agreements with a gross asset balance of $16.1 million and $10.9 million at March 31, 2019 and December 31, 2018, respectively, and a gross liability balance of $1.1 million and $6.2 million at March 31, 2019 and December 31, 2018, respectively.

Note 7 includes a discussion of the fair value of debt measured using Level 2 inputs. Level 3 inputs to our purchase accounting and impairment analyses include our estimations of net operating results of the property, capitalization rates and discount rates.

Noncontrolling Interests

Simon

Details of the carrying amount of our noncontrolling interests are as follows:

	As of March 31, 2019	As of December 31, 2018
Limited partners' interests in the Operating Partnership	**$ 479,989**	$ 492,877
Nonredeemable noncontrolling interests in properties, net	**6,994**	7,398
Total noncontrolling interests reflected in equity	**$ 486,983**	$ 500,275

Net income attributable to noncontrolling interests (which includes nonredeemable and redeemable noncontrolling interests in consolidated properties, limited partners' interests in the Operating Partnership and preferred distributions payable by the Operating Partnership on its outstanding preferred units) is a component of consolidated net income. In addition, the individual components of other comprehensive income (loss) are presented in the aggregate for both controlling and noncontrolling interests, with the portion attributable to noncontrolling interests deducted from comprehensive income attributable to common stockholders.

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A rollforward of noncontrolling interests is as follows:

	For the Three Months Ended March 31,	
	2019	**2018**
Noncontrolling interests, beginning of period	**$ 500,275**	$ 552,596
Net income attributable to noncontrolling interests after preferred distributions and income attributable to redeemable noncontrolling interests in consolidated properties	**83,224**	94,176
Distributions to noncontrolling interest holders	**(96,562)**	(92,012)
Other comprehensive (loss) income allocable to noncontrolling interests:		
Unrealized gain (loss) on derivative hedge agreements	**1,227**	(804)
Net loss reclassified from accumulated other comprehensive loss into earnings	**143**	283
Currency translation adjustments	**(614)**	1,663
Changes in available-for-sale securities and other	**19**	(38)
	775	1,104
Adjustment to limited partners' interest from change in ownership in the Operating Partnership	**(4,167)**	(36,221)
Units exchanged for common shares	**(253)**	(70)
Units redeemed	**(8)**	(474)
Long-term incentive performance units	**3,701**	8,307
Contributions by noncontrolling interests, net, and other	**(2)**	24
Noncontrolling interests, end of period	**$ 486,983**	$ 527,430

The Operating Partnership

Our evaluation of the appropriateness of classifying the Operating Partnership's common units of partnership interest, or units, held by Simon and the Operating Partnership's limited partners within permanent equity considered several significant factors. First, as a limited partnership, all decisions relating to the Operating Partnership's operations and distributions are made by Simon, acting as the Operating Partnership's sole general partner. The decisions of the general partner are made by Simon's Board of Directors or management. The Operating Partnership has no other governance structure. Secondly, the sole asset of Simon is its interest in the Operating Partnership. As a result, a share of common stock of Simon, or common stock, if owned by the Operating Partnership, is best characterized as being similar to a treasury share and thus not an asset of the Operating Partnership.

Limited partners of the Operating Partnership have the right under the Operating Partnership's partnership agreement to exchange their units for shares of common stock or cash, as selected by Simon as the sole general partner. Accordingly, we classify units held by limited partners in permanent equity because Simon may elect to issue shares of common stock to limited partners exercising their exchange rights rather than using cash. Under the Operating Partnership's partnership agreement, the Operating Partnership is required to redeem units held by Simon only when Simon has repurchased shares of common stock. We classify units held by Simon in permanent equity because the decision to redeem those units would be made by Simon.

Net income attributable to noncontrolling interests (which includes nonredeemable and redeemable noncontrolling interests in consolidated properties) is a component of consolidated net income.

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

A rollforward of noncontrolling interests is as follows:

	For the Three Months Ended March 31, 2019	2018
Noncontrolling nonredeemable interests in properties, net — beginning of period	**$ 7,398**	$ 3,738
Net income attributable to noncontrolling nonredeemable interests	**148**	527
Distributions to noncontrolling nonredeemable interest holders	**(552)**	(489)
Contributions by noncontrolling nonredeemable interests, net, and other	**—**	24
Noncontrolling nonredeemable interests in properties, net — end of period	**$ 6,994**	$ 3,800

Accumulated Other Comprehensive Income (Loss)

Simon

The changes in components of our accumulated other comprehensive income (loss) attributable to common stockholders consisted of the following net of noncontrolling interest as of March 31, 2019:

	Currency translation adjustments	Accumulated derivative gains, net	Net unrealized (losses) gains on marketable securities	Total
Beginning balance	$ (158,904)	$ 32,933	$ (46)	$ (126,017)
Other comprehensive (loss) income before reclassifications	(4,130)	8,115	125	4,110
Amounts reclassified from accumulated other comprehensive income (loss)	—	945	—	945
Net current-period other comprehensive (loss) income	(4,130)	9,060	125	5,055
Ending balance	**$ (163,034)**	**$ 41,993**	**$ 79**	**$ (120,962)**

The reclassifications out of accumulated other comprehensive income (loss) consisted of the following during the three months ended March 31:

Details about accumulated other comprehensive income (loss) components:	2019 Amount reclassified from accumulated other comprehensive income (loss)	2018 Amount reclassified from accumulated other comprehensive income (loss)	Affected line item where net income is presented
Accumulated derivative losses, net	**$ (1,088)**	$ (2,153)	Interest expense
	143	282	Net income attributable to noncontrolling interests
	$ (945)	$ (1,871)	

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The Operating Partnership

The changes in accumulated other comprehensive income (loss) by component consisted of the following as of March 31, 2019:

	Currency translation adjustments	Accumulated derivative gains, net	Net unrealized (losses) gains on marketable securities	Total
Beginning balance	$ (182,978)	$ 37,916	$ (52)	$ (145,114)
Other comprehensive (loss) income before reclassifications	(4,744)	9,342	144	4,742
Amounts reclassified from accumulated other comprehensive income (loss)	—	1,088	—	1,088
Net current-period other comprehensive (loss) income	(4,744)	10,430	144	5,830
Ending balance	**$ (187,722)**	**$ 48,346**	**$ 92**	**$ (139,284)**

The reclassifications out of accumulated other comprehensive income (loss) consisted of the following during the three months ended March 31:

Details about accumulated other comprehensive income (loss) components:	2019 Amount reclassified from accumulated other comprehensive income (loss)	2018 Amount reclassified from accumulated other comprehensive income (loss)	Affected line item where net income is presented
Accumulated derivative losses, net	$ **(1,088)**	$ (2,153)	Interest expense

Derivative Financial Instruments

We record all derivatives on our consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have designated a derivative as a hedge and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may use a variety of derivative financial instruments in the normal course of business to selectively manage or hedge a portion of the risks associated with our indebtedness and interest payments. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps and caps. We require that hedging derivative instruments be highly effective in reducing the risk exposure that they are designated to hedge. We formally designate any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract.

As of March 31, 2019 and December 31, 2018, we had no outstanding interest rate derivatives. We generally do not apply hedge accounting to interest rate caps, which had a nominal value as of March 31, 2019 and December 31, 2018, respectively.

We are also exposed to fluctuations in foreign exchange rates on financial instruments which are denominated in foreign currencies, primarily in Yen and Euro. We use currency forward contracts, cross currency swap contracts and foreign currency denominated debt to manage our exposure to changes in foreign exchange rates on certain Yen and Euro-denominated receivables and net investments. Currency forward contracts involve fixing the Yen:USD or Euro:USD exchange rate for delivery of a specified amount of foreign currency on a specified date. The currency forward contracts are typically cash settled in U.S. dollars for their fair value at or close to their settlement date.

We had the following Euro:USD forward contracts designated as net investment hedges at March 31, 2019 and December 31, 2018 (in millions):

		Asset (Liability) Value as of	
Notional Value	**Maturity Date**	**March 31, 2019**	**December 31, 2018**
€ 50.0	May 15, 2019	**—**	(0.8)
€ 50.0	May 15, 2020	**0.2**	(1.5)
€ 50.0	May 14, 2021	**(0.3)**	(2.0)

Asset balances in the above table are included in deferred costs and other assets. Liability balances in the above table are included in other liabilities.

We use a Euro-denominated cross-currency swap agreement to manage our exposure to changes in foreign exchange rates by swapping $150.0 million of 4.38% fixed rate U.S. dollar-denominated debt to 1.37% fixed rate Euro-denominated debt of €121.6 million. The cross-currency swap matures on December 1, 2020. The fair value of our cross-currency swap agreement at March 31, 2019 was $14.2 million and is included in deferred costs and other assets. We use a Yen-denominated cross-currency swap agreement designated as a net investment hedge to manage our exposure to changes in foreign exchange rates by swapping $200.1 million of 4.38% fixed rate U.S. dollar-denominated debt to ¥22.3 billion of 1.19% fixed rate Yen-denominated debt. The cross-currency swap matures on December 1, 2020. The fair value of our cross-currency swap agreement at March 31, 2019 was $0.9 million and is included in deferred costs and other assets.

We have designated the currency forward contracts and cross-currency swaps as net investment hedges. Accordingly, we report the changes in fair value in other comprehensive income (loss). Changes in the value of these forward contracts are offset by changes in the underlying hedged Euro or Yen-denominated joint venture investment.

The total gross accumulated other comprehensive income related to the Operating Partnership's derivative activities, including our share of the other comprehensive income from unconsolidated entities, approximated $48.4 million and $37.9 million as of March 31, 2019 and December 31, 2018, respectively.

New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, "Leases," codified as Accounting Standards Codification (ASC) 842, which will result in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheet. Lessor accounting will remain substantially similar to the current accounting; however, certain refinements were made to conform the standard with the recently issued revenue recognition guidance in ASU 2014-09, "Revenue From Contracts With Customers", specifically related to the allocation and recognition of contract consideration earned from lease and non-lease revenue components. ASC 842 also limits the capitalization of leasing costs to initial direct costs, which, if applied in 2018, would have reduced our capitalized leasing costs and correspondingly increased expenses by approximately $45 million, of which $11.3 million related to the quarter ended March 31, 2018.

Substantially all of our revenues and the revenues of our equity method investments are earned from arrangements that are within the scope of ASC 842. On July 30, 2018, the FASB issued ASU 2018-11, also codified as ASC 842, which created a practical expedient that provides lessors an option not to separate lease and non-lease components when certain criteria are met and instead account for those components as a single lease component. We determined that our lease arrangements will meet the criteria under the practical expedient to account for lease and non-lease components as a single lease component, which alleviates the requirement upon adoption of ASC 842 that we reallocate or separately present consideration from lease and non-lease components. Beginning on January 1, 2019, we will recognize consideration received from fixed common area maintenance arrangements on a straight-line basis as this consideration is attributed to the lease component.

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

We, as a lessor, retain substantially all of the risks and benefits of ownership of the investment properties and continue to account for our leases as operating leases. We accrue fixed lease income on a straight-line basis over the terms of the leases. Substantially all of our retail tenants are also required to pay overage rents based on sales over a stated base amount during the lease year. We recognize this variable lease consideration only when each tenant's sales exceed the applicable sales threshold. We amortize any tenant inducements as a reduction of revenue utilizing the straight-line method over the term of the related lease or occupancy term of the tenant, if shorter.

We structure our leases to allow us to recover a significant portion of our property operating, real estate taxes, repairs and maintenance, and advertising and promotion expenses from our tenants. A substantial portion of our leases, other than those for anchor stores, require the tenant to reimburse us for a substantial portion of our operating expenses, including common area maintenance, or CAM, real estate taxes and insurance. This significantly reduces our exposure to increases in costs and operating expenses resulting from inflation or otherwise. Such property operating expenses typically include utility, insurance, security, janitorial, landscaping, food court and other administrative expenses. For substantially all of our leases in the U.S. mall portfolio, we receive a fixed payment from the tenant for the CAM component which is recognized as revenue on a straight-line basis over the term of the lease. When not reimbursed by the fixed-CAM component, CAM expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses and CAM capital expenditures for the property. We accrue reimbursements from tenants for recoverable portions of all of these expenses as variable lease consideration in the period the applicable expenditures are incurred. We recognize differences between estimated recoveries and the final billed amounts in the subsequent year. These differences were not material in any period presented. Our advertising and promotional costs are expensed as incurred. Provisions for credit losses are recognized as a reduction of lease income. Refer to note 9 for further disclosure of lease income.

Minimum fixed lease consideration under non-cancelable tenant operating leases for each of the next five years and thereafter, excluding variable lease consideration, for the years ending December 31, as of March 31, 2019, is as follows:

2019	$ 3,612,041
2020	3,329,392
2021	2,971,303
2022	2,586,127
2023	2,116,053
Thereafter	5,623,425
	$ 20,238,341

Further, ASC 842 requires recognition on our consolidated balance sheets of leases of land and other arrangements where we are the lessee. Upon adoption on January 1, 2019, we recognized a right of use asset and corresponding lease liability of $524.0 million representing the present value of future lease payments required under our lessee arrangements. We utilized lease terms ranging from 2019 to 2090 including periods for which exercising an extension option is reasonably assured, and discount rates from 3.97% to 5.52% when determining the present value of future lease payments. All of our existing lessee arrangements upon adoption will continue to be classified as operating leases and the pattern of lease expense recognition will be unchanged. Refer to note 10 for further disclosure regarding ground leases recognized as a result of the adoption of ASC 842.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments - Credit Losses," which introduced new guidance for an approach based on expected losses to estimate credit losses on certain types of financial instruments. It also modifies the impairment model for available-for-sale debt securities and provides for a simplified accounting model for purchased financial assets with credit deterioration since their origination. Instruments in scope include loans, held-to-maturity debt securities, and net investments in leases as well as reinsurance and trade receivables. In November 2018, the FASB issued ASU 2018-19, which clarifies that operating lease receivables are outside the scope of the new standard. This standard will be effective for us in fiscal years beginning after December 15, 2019. We are currently evaluating the impact that the adoption of the new standard will have on our consolidated financial statements.

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

4. Real Estate Acquisitions and Dispositions

Unless otherwise noted, gains and losses on property transactions are included in gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income. We capitalize asset acquisition costs and expense costs related to business combinations, as well as disposition related costs as they are incurred. We incurred a minimal amount of transaction expenses during the three months ended March 31, 2019 and 2018.

On September 25, 2018, we acquired the remaining 50% interest in The Outlets at Orange from our joint venture partner. The Operating Partnership issued 475,183 units, or approximately $84.1 million, as consideration for the acquisition. The property is subject to a $215.0 million, 4.22% fixed rate mortgage. We accounted for this transaction as an asset acquisition and substantially all of our investment has been determined to relate to investment property.

During the first three months of 2018, we recorded net gains of $135.3 million primarily related to our disposition activity which included the foreclosure of a consolidated property in satisfaction of its $200 million non-recourse mortgage.

5. Per Share and Per Unit Data

We determine basic earnings per share and basic earnings per unit based on the weighted average number of shares of common stock or units, as applicable, outstanding during the period and we consider any participating securities for purposes of applying the two-class method. We determine diluted earnings per share and diluted earnings per unit based on the weighted average number of shares of common stock or units, as applicable, outstanding combined with the incremental weighted average number of shares or units, as applicable, that would have been outstanding assuming all potentially dilutive securities were converted into shares of common stock or units, as applicable, at the earliest date possible. The following tables set forth the components of basic and diluted earnings per share and basic and diluted earnings per unit.

Simon

	For the Three Months Ended March 31,	
	2019	2018
Net Income attributable to Common Stockholders — Basic and Diluted	**$ 548,475**	$ 620,654
Weighted Average Shares Outstanding — Basic and Diluted	**308,978,053**	310,583,643

For the three months ended March 31, 2019, potentially dilutive securities include units that are exchangeable for common stock and long-term incentive performance units, or LTIP units, granted under our long-term incentive performance programs that are convertible into units and exchangeable for common stock. No securities had a material dilutive effect for the three months ended March 31, 2019 and 2018. We have not adjusted net income attributable to common stockholders and weighted average shares outstanding for income allocable to limited partners or units, respectively, as doing so would have no dilutive impact. We accrue dividends when they are declared.

The Operating Partnership

	For the Three Months Ended March 31,	
	2019	2018
Net Income attributable to Unitholders — Basic and Diluted	**$ 631,551**	$ 714,303
Weighted Average Units Outstanding — Basic and Diluted	**355,778,250**	357,446,988

For the three months ended March 31, 2019, potentially dilutive securities include LTIP units. No securities had a material dilutive effect for the three months ended March 31, 2019 and 2018. We accrue distributions when they are declared.

6. Investment in Unconsolidated Entities and International Investments

Real Estate Joint Ventures and Investments

Joint ventures are common in the real estate industry. We use joint ventures to finance properties, develop new properties and diversify our risk in a particular property or portfolio of properties. As discussed in note 2, we held joint venture interests in 81 properties as of March 31, 2019.

Certain of our joint venture properties are subject to various rights of first refusal, buy-sell provisions, put and call rights, or other sale or marketing rights for partners which are customary in real estate joint venture agreements and the industry. We and our partners in these joint ventures may initiate these provisions (subject to any applicable lock up or similar restrictions), which may result in either the sale of our interest or the use of available cash or borrowings, or the use of limited partnership interests in the Operating Partnership, to acquire the joint venture interest from our partner.

We may provide financing to joint ventures primarily in the form of interest bearing construction loans. As of March 31, 2019 and December 31, 2018, we had construction loans and other advances to related parties totaling $86.0 million and $85.8 million, respectively, which are included in deferred costs and other assets in the accompanying consolidated balance sheets.

Unconsolidated Entity Transactions

During the first three months of 2019, we disposed of our interests in a multi-family residential investment. Our share of the gross proceeds was $17.3 million. The gain of $15.6 million is included in other income in the accompanying consolidated statement of operations and comprehensive income.

On September 25, 2018, as discussed in note 4, we acquired the remaining 50% interest in The Outlets at Orange from our joint venture partner. The Operating Partnership issued 475,183 units at a price of $176.99 to acquire this remaining interest. As a result of this acquisition, we now own 100% of this property.

As of March 31, 2019 and December 31, 2018, we had an 11.7% legal noncontrolling equity interest in HBS, a joint venture we formed with Hudson’s Bay Company. Our share of net income (loss), net of amortization of our excess investment, was ($2.6) million and $4.0 million for the three months ended March 31, 2019 and 2018, respectively. Total revenues, operating income and consolidated net income (loss) were approximately $33.4 million, $1.4 million and ($10.2) million, respectively, for the three months ended March 31, 2019 and $87.2 million, $76.8 million and $51.6 million, respectively, for the three months ended March 31, 2018.

European Investments

At March 31, 2019, we owned 63,924,148 shares, or approximately 21.6%, of Klépierre, which had a quoted market price of $34.98 per share. Our share of net income, net of amortization of our excess investment, was $17.8 million and $22.9 million for the three months ended March 31, 2019 and 2018, respectively. Based on applicable Euro:USD exchange rates and after our conversion of Klépierre’s results to GAAP, Klépierre’s total revenues, operating income and consolidated net income were approximately $377.2 million, $147.4 million and $114.6 million, respectively, for the three months ended March 31, 2019 and $410.3 million, $135.8 million and $202.3 million, respectively, for the three months ended March 31, 2018.

During the three months ended March 31, 2018, Klépierre completed the disposal of its interests in certain shopping centers. In connection with these disposals, we recorded a gain of $13.4 million, representing our share of the gains recognized by Klépierre, which is included in gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statement of operations and comprehensive income.

We have an interest in a European investee that had interests in nine Designer Outlet properties as of March 31, 2019 and December 31, 2018, respectively. As of March 31, 2019, our legal percentage ownership interests in these properties ranged from 45% to 94%.

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

In addition, we have a 50.0% noncontrolling interest in a European property management and development company that provides services to the Designer Outlet properties.

We also have minority interests in Value Retail PLC and affiliated entities, which own or have interests in and operate nine luxury outlets located throughout Europe and we have a direct minority ownership in three of those outlets. At March 31, 2019 and December 31, 2018, the carrying value of these equity instruments was $140.8 million and is included in deferred costs and other assets.

Asian Joint Ventures

We conduct our international Premium Outlet operations in Japan through a joint venture with Mitsubishi Estate Co., Ltd. We have a 40% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was $235.2 million and $232.1 million as of March 31, 2019 and December 31, 2018, respectively, including all related components of accumulated other comprehensive income (loss). We conduct our international Premium Outlet operations in South Korea through a joint venture with Shinsegae International Co. We have a 50% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was $169.9 million and $166.3 million as of March 31, 2019 and December 31, 2018, respectively, including all related components of accumulated other comprehensive income (loss).

Summary Financial Information

A summary of our equity method investments and share of income from such investments, excluding Klépierre, Aéropostale, ABG, and HBS follows.

COMBINED BALANCE SHEETS

	March 31, 2019	December 31, 2018
Assets:		
Investment properties, at cost	**$ 18,887,972**	$ 18,807,449
Less - accumulated depreciation	**6,971,412**	6,834,633
	11,916,560	11,972,816
Cash and cash equivalents	**1,012,497**	1,076,398
Tenant receivables and accrued revenue, net	**407,040**	445,148
Deferred costs and other assets	**617,399**	390,818
Total assets	**$ 13,953,496**	$ 13,885,180
Liabilities and Partners' Deficit:		
Mortgages	**$ 15,202,622**	$ 15,235,415
Accounts payable, accrued expenses, intangibles, and deferred revenue	**876,348**	976,311
Other liabilities	**560,101**	344,205
Total liabilities	**16,639,071**	16,555,931
Preferred units	**67,450**	67,450
Partners' deficit	**(2,753,025)**	(2,738,201)
Total liabilities and partners' deficit	**$ 13,953,496**	$ 13,885,180
Our Share of:		
Partners' deficit	**$ (1,184,895)**	$ (1,168,216)
Add: Excess Investment	**1,581,225**	1,594,198
Our net Investment in unconsolidated entities, at equity	**$ 396,330**	$ 425,982

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

"Excess Investment" represents the unamortized difference of our investment over our share of the equity in the underlying net assets of the joint ventures or other investments acquired and has been determined to relate to the fair value of the investment properties, lease related intangibles, and debt premiums and discounts. We amortize excess investment over the life of the related depreciable components of investment properties, typically no greater than 40 years, the terms of the applicable leases and the applicable debt maturity, respectively. The amortization is included in the reported amount of income from unconsolidated entities.

COMBINED STATEMENTS OF OPERATIONS

	For The Three Months Ended March 31, 2019	For The Three Months Ended March 31, 2018
REVENUE:		
Lease income	**$ 758,979**	$ 752,606
Other income	**75,922**	81,108
Total revenue	**834,901**	833,714
OPERATING EXPENSES:		
Property operating	**144,721**	146,293
Depreciation and amortization	**170,258**	159,836
Real estate taxes	**68,717**	68,267
Repairs and maintenance	**22,376**	23,196
Advertising and promotion	**24,326**	24,224
Other	**49,316**	49,732
Total operating expenses	**479,714**	471,548
Operating Income Before Other Items	**355,187**	362,166
Interest expense	**(156,016)**	(150,932)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	**21,587**	—
Net Income	**$ 220,758**	$ 211,234
Third-Party Investors' Share of Net Income	**$ 112,668**	$ 106,183
Our Share of Net Income	**108,090**	105,051
Amortization of Excess Investment	**(20,792)**	(21,527)
Our Share of Gain on Sale or Disposal of Assets and Interest in Other Income in the Consolidated Financial Statements	**(9,155)**	—
Income from Unconsolidated Entities	**$ 78,143**	$ 83,524

Our share of income from unconsolidated entities in the above table, aggregated with our share of the results of Klépierre, Aéropostale, ABG, and HBS, is presented in income from unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income. Unless otherwise noted, our share of the gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net is reflected within gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

7. Debt

Unsecured Debt

At March 31, 2019, our unsecured debt consisted of $15.0 billion of senior unsecured notes of the Operating Partnership, $125.0 million outstanding under the Operating Partnership's $4.0 billion unsecured revolving credit facility, or Credit Facility, and $1.3 billion outstanding under the Operating Partnership's global unsecured commercial paper note program, or Commercial Paper program.

On March 31, 2019, we had an aggregate available borrowing capacity of $6.1 billion under the Credit Facility and the Operating Partnership's $3.5 billion unsecured revolving credit facility, or Supplemental Facility, and together with the Credit Facility, the Credit Facilities. The maximum aggregate outstanding balance under the Credit Facilities during the three months ended March 31, 2019 was $125.0 million and the weighted average outstanding balance was $125.0 million. Letters of credit of $11.4 million were outstanding under the Credit Facilities as of March 31, 2019.

The Credit Facility's initial borrowing capacity of $4.0 billion may be increased to $5.0 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. Borrowings in currencies other than the U.S. dollar are limited to 95% of the maximum revolving credit amount, as defined. The initial maturity date of the Credit Facility is June 30, 2021 and can be extended for an additional year to June 30, 2022 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Credit Facility is LIBOR plus 77.5 basis points with a facility fee of 10 basis points.

The Supplemental Facility's initial borrowing capacity of $3.5 billion may be increased to $4.5 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. The initial maturity date of the Supplemental Facility was extended to June 30, 2022 and can be extended for an additional year to June 30, 2023 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Supplemental Facility is LIBOR plus 77.5 basis points with a facility fee of 10 basis points.

The Operating Partnership also has available a Commercial Paper program of $2.0 billion, or the non-U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes will be sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On March 31, 2019, we had $1.3 billion outstanding under the Commercial Paper program, fully comprised of U.S. dollar-denominated notes with a weighted average interest rate of 2.58%. These borrowings have a weighted average maturity date of July 3, 2019 and reduce amounts otherwise available under the Credit Facilities.

On February 1, 2019, the Operating Partnership repaid at maturity $600.0 million of senior unsecured notes with a fixed interest rate of 2.20%.

Mortgage Debt

Total mortgage indebtedness was $6.8 billion at March 31, 2019 and December 31, 2018.

Covenants

Our unsecured debt agreements contain financial covenants and other non-financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of March 31, 2019, we were in compliance with all covenants of our unsecured debt.

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

At March 31, 2019, our consolidated subsidiaries were the borrowers under 45 non-recourse mortgage notes secured by mortgages on 48 properties, including two separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of five properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At March 31, 2019, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually or in the aggregate, giving effect to applicable cross-default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

Fair Value of Debt

The carrying value of our variable-rate mortgages and other loans approximates their fair values. We estimate the fair values of consolidated fixed rate mortgages using cash flows discounted at current borrowing rates and other indebtedness using cash flows discounted at current market rates. We estimate the fair values of consolidated fixed rate unsecured notes using quoted market prices, or, if no quoted market prices are available, we use quoted market prices for securities with similar terms and maturities. The book value of our consolidated fixed rate mortgages and unsecured indebtedness including commercial paper was $22.3 billion and $22.4 billion as of March 31, 2019 and December 31, 2018, respectively. The fair values of these financial instruments and the related discount rate assumptions as of March 31, 2019 and December 31, 2018 are summarized as follows:

	March 31, 2019	December 31, 2018
Fair value of consolidated fixed rate mortgages and unsecured indebtedness	**$ 23,865**	$ 22,323
Weighted average discount rates assumed in calculation of fair value for fixed rate mortgages	**4.29 %**	4.55 %
Weighted average discount rates assumed in calculation of fair value for unsecured indebtedness	**4.21 %**	4.50 %

8. Equity

During the three months ended March 31, 2019, Simon issued 24,000 shares of common stock to a limited partner of the Operating Partnership in exchange for an equal number of units pursuant to the partnership agreement of the Operating Partnership. During the three months ended March 31, 2019, the Operating Partnership redeemed 774 units from three limited partners for $0.1 million. These transactions increased Simon's ownership interest in the Operating Partnership.

On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized $2.0 billion common stock repurchase plan through March 31, 2019. On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new plan, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions as market conditions warrant. During the three months ended March 31, 2019, Simon purchased 46,377 shares at an average price of $164.49 per share as part of the previous program. During the three months ended March 31, 2018, Simon purchased 1,473,588 shares at an average price of $154.66 per share as part of the previous program. As Simon repurchases shares under these programs, the Operating Partnership repurchases an equal number of units from Simon.

We paid a common stock dividend of $2.05 per share in the first quarter of 2019 and $1.95 per share for the three months ended March 31, 2018. The Operating Partnership paid distributions per unit for the same amounts. Simon's Board of Directors declared a quarterly cash dividend for the second quarter of 2019 of $2.05 per share of common stock payable on May 31, 2019 to stockholders of record on May 17, 2019. The distribution rate on units is equal to the dividend rate on common stock.

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

Temporary Equity

Simon

Simon classifies as temporary equity those securities for which there is the possibility that Simon could be required to redeem the security for cash irrespective of the probability of such a possibility. As a result, Simon classifies one series of preferred units in the Operating Partnership and noncontrolling redeemable interests in properties in temporary equity. Each of these securities is discussed further below.

Limited Partners' Preferred Interest in the Operating Partnership and Noncontrolling Redeemable Interests in Properties. The redemption features of the preferred units in the Operating Partnership contain provisions which could require the Operating Partnership to settle the redemption in cash. As a result, this series of preferred units in the Operating Partnership remains classified outside permanent equity. The remaining interests in a property or portfolio of properties which are redeemable at the option of the holder or in circumstances that may be outside Simon's control are accounted for as temporary equity. The carrying amount of the noncontrolling interest is adjusted to the redemption amount assuming the instrument is redeemable at the balance sheet date. Changes in the redemption value of the underlying noncontrolling interest are recorded within accumulated deficit in the consolidated statements of equity in issuance of unit equivalents and other. There were no noncontrolling interests redeemable at amounts in excess of fair value as of March 31, 2019 and December 31, 2018. The following table summarizes the preferred units in the Operating Partnership and the amount of the noncontrolling redeemable interests in properties as follows:

	As of March 31, 2019	As of December 31, 2018
7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding	**$ 25,537**	$ 25,537
Other noncontrolling redeemable interests in properties	**200,345**	204,626
Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties	**$ 225,882**	$ 230,163

The Operating Partnership

The Operating Partnership classifies as temporary equity those securities for which there is the possibility that the Operating Partnership could be required to redeem the security for cash, irrespective of the probability of such a possibility. As a result, the Operating Partnership classifies one series of preferred units and noncontrolling redeemable interests in properties in temporary equity. The following table summarizes the preferred units and the amount of the noncontrolling redeemable interests in properties as follows:

	As of March 31, 2019	As of December 31, 2018
7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding	**$ 25,537**	$ 25,537
Other noncontrolling redeemable interests in properties	**200,345**	204,626
Total preferred units, at liquidation value, and noncontrolling redeemable interests in properties	**$ 225,882**	$ 230,163

Stock Based Compensation

Awards under our stock based compensation plans primarily take the form of LTIP unit and restricted stock grants. Restricted stock and awards under the LTIP programs are all performance based and are based on various individual, corporate and business unit performance measures as further described below. The expense related to these programs, net of amounts capitalized, is included within home and regional office costs and general and administrative costs in the accompanying statements of operations and comprehensive income.

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

LTIP Programs. The Compensation Committee has approved long-term, performance based incentive compensation programs, or the LTIP programs, for certain senior executive officers. Awards under the LTIP programs take the form of LTIP units, a form of limited partnership interest issued by the Operating Partnership, which are subject to the participant maintaining employment with us through certain dates and other conditions as described in the applicable award agreements. Awarded LTIP units not earned in accordance with the conditions set forth in the applicable award agreements are forfeited. Earned and fully vested LTIP units are equivalent to units of the Operating Partnership. During the performance period, participants are entitled to receive distributions on the LTIP units awarded to them equal to 10% of the regular quarterly distributions paid on a unit of the Operating Partnership. As a result, we account for these LTIP units as participating securities under the two-class method of computing earnings per share.

In 2018, the Compensation Committee established and granted awards under a redesigned LTIP program, or the 2018 LTIP program. Awards under the 2018 LTIP program were granted in two tranches, Tranche A LTIP units and Tranche B LTIP units. Each of the Tranche A LTIP units and the Tranche B LTIP units will be considered earned if, and only to the extent to which, the respective goals based on Funds From Operations, or FFO, per share or Relative TSR Goal performance criteria, as defined in the applicable award agreements, are achieved during the applicable two-year and three-year performance periods of the Tranche A LTIP units and Tranche B LTIP units, respectively. One-half of the earned Tranche A LTIP units will vest on January 1, 2021 with the other one-half vesting on January 1, 2022. All of the earned Tranche B LTIP units will vest on January 1, 2022.

The grant date fair value of the portion of the LTIP units based on achieving the target FFO performance criteria is $6.1 million for the Tranche A LTIP units and the Tranche B LTIP units, for a total of $12.1 million. The 2018 LTIP program provides that the value of the FFO-based award may be adjusted up or down based on Simon's performance compared to the target FFO performance criteria and has a maximum potential fair value of $18.2 million. The value of the FFO-based award is recorded as expense over the period from the grant date to the date at which the awards, if earned, would become vested, based on our assessment as to whether it is probable that the performance criteria will be achieved during the applicable performance periods.

The grant date fair values of any LTIP units based on TSR performance are estimated using a Monte Carlo model, and the resulting fixed expense is recorded regardless of whether the TSR performance criteria are achieved if the required service is delivered. The grant date fair values are being amortized into expense over the period from the grant date to the date at which the awards, if earned, would become vested.

The Compensation Committee approved LTIP unit grants as shown in the table below. The extent to which LTIP units were earned, and the aggregate grant date fair value, are as follows:

LTIP Program	LTIP Units Earned	Grant Date Fair Value of TSR Award	Grant Date Target Value of FFO-Based Award
2014-2016 LTIP program	120,314	$27.5 million	—
2015-2017 LTIP program	—	$21.6 million	—
2016-2018 LTIP program	—	$22.7 million	—
2018 LTIP program - Tranche A	To be determined in 2020	$6.1 million	$6.1 million
2018 LTIP program - Tranche B	To be determined in 2021	$6.1 million	$6.1 million

We recorded compensation expense, net of capitalization, related to these LTIP programs of approximately $3.9 million and $4.8 million for the three months ended March 31, 2019 and 2018, respectively.

Restricted Stock

We recorded compensation expense, net of capitalization, related to restricted stock of approximately $2.7 million and $2.3 million for the three months ended March 31, 2019 and 2018, respectively.

Other Compensation Arrangements. On July 6, 2011, in connection with the execution of an employment agreement, the Compensation Committee granted David Simon, Simon's Chairman, Chief Executive Officer and President, a retention award in the form of 1,000,000 LTIP units, or the Award, for his continued service through July 5, 2019. Effective December 31, 2013, the Award was modified, or the Current Award, and as a result the LTIP units would become earned and eligible to vest based on the attainment of Company-based performance goals, in addition to the service-based vesting requirement included in the original Award. The Current Award does not contain an opportunity for Mr. Simon to receive additional LTIP units above and beyond the original Award should our performance exceed the higher end of the performance criteria. The performance criteria of the Current Award are based on the attainment of specific FFO per share. Because the performance criteria has been met, a maximum of 360,000 LTIP units, or the A units, 360,000 LTIP units, or the B units, and 280,000 LTIP units, or the C units, became earned on December 31, 2015, December 31, 2016 and December 31, 2017, respectively. If the relevant performance criteria had not been achieved, all or a portion of the Current Award would have been forfeited. The earned A units vested on January 1, 2018, earned B units vested on January 1, 2019 and earned C units will vest on June 30, 2019, subject to Mr. Simon's continued employment through such applicable date. The grant date fair value of the retention award of $120.3 million is being recognized as expense over the eight-year term of his employment agreement on a straight-line basis based on the applicable vesting periods of the A units, B units and C units.

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

9. Lease Income

As discussed in note 3, fixed lease income under our operating leases includes fixed minimum lease consideration and fixed CAM reimbursements which are accrued on a straight-line basis over the terms of the leases. Variable lease income includes consideration based on sales, as well as reimbursements for real estate taxes, utilities, marketing, and certain other items.

	For the Three Months Ended March 31,	
	2019	**2018**
Fixed lease income	**$ 1,081,560**	$ 1,060,951
Variable lease income	**198,498**	206,942
Total lease income	**$ 1,280,058**	$ 1,267,893

Lease income for the three months ended March 31, 2018 has been reclassified to conform to the current year presentation.

10. Commitments and Contingencies

Litigation

We are involved from time-to-time in various legal and regulatory proceedings that arise in the ordinary course of our business, including, but not limited to, commercial disputes, environmental matters, and litigation in connection with transactions such as acquisitions and divestitures. We believe that current proceedings will not have a material adverse effect on our financial condition, liquidity, or results of operations. We record a liability when a loss is considered probable and the amount can be reasonably estimated.

During the first quarter of 2019, we settled a lawsuit with our former insurance broker, Aon Risk Services Central Inc., related to the significant flood damage sustained at Opry Mills in May 2010. In accordance with a previous agreement with the prior co-investor in Opry Mills, a portion of the settlement was remitted to the co-investor. Our share of the settlement was approximately $68.0 million, which was recorded as other income in the accompanying consolidated statement of operations and comprehensive income.

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

Lease Commitments

As of March 31, 2019, a total of 23 of our consolidated properties are subject to ground leases. The termination dates of these ground leases range from 2019 to 2090, including periods for which exercising an extension option is reasonably assured. These ground leases generally require us to make fixed annual rental payments, or a fixed annual rental payment plus a percentage rent component based upon the revenues or total sales of the property. In addition, we have several regional office locations that are subject to leases with termination dates ranging from 2019 to 2028. These office leases generally require us to make fixed annual rental payments plus pay our share of common area, real estate, and utility expenses. Some of our ground and office leases include escalation clauses. All of our lease arrangements are classified as operating leases. We incurred ground lease expense and office lease expense, which are included in other expense and home office and regional expense, respectively, as follows:

	For the Three Months Ended March 31, 2019
Lease Cost	
Operating lease cost	$ 7,165
Variable lease cost	4,144
Sublease income	(167)
Total lease cost	**$ 11,142**

For the quarter ended March 31, 2018, we incurred $12,125 of lease expense.

	For the Three Months Ended March 31, 2019
Other Information	
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	$ 12,068
Weighted-average remaining lease term - operating leases	36.2 years
Weighted-average discount rate - operating leases	4.87%

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

Minimum lease payments due under these leases for years ending December 31, excluding applicable extension options and renewal options unless reasonably certain of exercise and any sublease income, are as follows:

2019	$ 32,444
2020	32,438
2021	32,722
2022	32,733
2023	32,864
Thereafter	949,754
	$ 1,112,955
Impact of discounting	(590,761)
Operating lease liabilities	$ 522,194

Lease liabilities are included within other liabilities in the consolidated balance sheet. Right of use assets are included within deferred costs and other assets in the consolidated balance sheet.

Guarantees of Indebtedness

Joint venture debt is the liability of the joint venture and is typically secured by the joint venture property, which is non-recourse to us. As of March 31, 2019 and December 31, 2018, the Operating Partnership guaranteed joint venture related mortgage indebtedness of $211.3 million and $216.1 million, respectively (of which we have a right of recovery from our venture partners of $10.8 million). Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount.

Concentration of Credit Risk

Our U.S. Malls, Premium Outlets, and The Mills rely heavily upon anchor tenants to attract customers; however, anchor retailers do not contribute materially to our financial results as many anchor retailers own their spaces. All material operations are within the United States and no customer or tenant accounts for 5% or more of our consolidated revenues.

Hurricane Impacts

During the third quarter of 2017, two of our wholly-owned properties located in Puerto Rico sustained significant damage as a result of Hurricane Maria. Since the date of the loss, we have received $62.8 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which $40.5 million was used for property restoration and remediation and to reduce the insurance recovery receivable. During the first quarter of 2019, we recorded $4.4 million as business interruption proceeds in other income in the accompanying consolidated statement of operations and comprehensive income.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in this report.

Overview

Simon Property Group, Inc. is a Delaware corporation that operates as a self-administered and self-managed real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. REITs will generally not be liable for U.S. federal corporate income taxes as long as they distribute not less than 100% of their REIT taxable income. Simon Property Group, L.P. is our majority-owned Delaware partnership subsidiary that owns all of our real estate properties and other assets. According to the Operating Partnership's partnership agreement, the Operating Partnership is required to pay all expenses of Simon. Unless stated otherwise or the context otherwise requires, references to "Simon" mean Simon Property Group, Inc. and references to the "Operating Partnership" mean Simon Property Group, L.P. References to "we," "us" and "our" mean collectively Simon, the Operating Partnership and those entities/subsidiaries owned or controlled by Simon and/or the Operating Partnership.

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of March 31, 2019, we owned or held an interest in 206 income-producing properties in the United States, which consisted of 107 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 12 other retail properties in 37 states and Puerto Rico. In addition, we have redevelopment and expansion projects, including the addition of anchors, big box tenants, and restaurants, underway at properties in the United States, Canada, Asia and Europe. Internationally, as of March 31, 2019, we had ownership in 28 Premium Outlets and Designer Outlet properties primarily located in Asia, Europe, and Canada. We also have four international outlet properties under development. As of March 31, 2019, we also owned a 21.6% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris-based real estate company which owns, or has an interest in, shopping centers located in 16 countries in Europe.

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

- base minimum rents,
- overage and percentage rents based on tenants' sales volumes, and
- recoverable expenditures such as property operating, real estate taxes, repair and maintenance, and advertising and promotional expenditures.

Revenues of our management company, after intercompany eliminations, consist primarily of management fees that are typically based upon the revenues of the property being managed.

We invest in real estate properties to maximize total financial return which includes both operating cash flows and capital appreciation. We seek growth in earnings, funds from operations, or FFO, and cash flows by enhancing the profitability and operation of our properties and investments. We seek to accomplish this growth through the following:

- attracting and retaining high quality tenants and utilizing economies of scale to reduce operating expenses,
- expanding and re-tenanting existing highly productive locations at competitive rental rates,
- selectively acquiring or increasing our interests in high quality real estate assets or portfolios of assets,
- generating consumer traffic in our retail properties through marketing initiatives and strategic corporate alliances, and
- selling selective non-core assets.

We also grow by generating supplemental revenues from the following activities:

- establishing our malls as leading market resource providers for retailers and other businesses and consumer-focused corporate alliances, including payment systems (such as handling fees relating to the sales of bank-issued prepaid cards), national marketing alliances, static and digital media initiatives, business development, sponsorship, and events,
- offering property operating services to our tenants and others, including waste handling and facility services, and the provision of energy services,
- selling or leasing land adjacent to our properties, commonly referred to as "outlots" or "outparcels," and
- generating interest income on cash deposits and investments in loans, including those made to related entities.

We focus on high quality real estate across the retail real estate spectrum. We expand or redevelop properties to enhance profitability and market share of existing assets when we believe the investment of our capital meets our risk-reward criteria. We selectively develop new properties in markets we believe are not adequately served by existing retail outlet properties.

We routinely review and evaluate acquisition opportunities based on their ability to enhance our portfolio. Our international strategy includes partnering with established real estate companies and financing international investments with local currency to minimize foreign exchange risk.

To support our growth, we employ a three-fold capital strategy:

- provide the capital necessary to fund growth,
- maintain sufficient flexibility to access capital in many forms, both public and private, and
- manage our overall financial structure in a fashion that preserves our investment grade credit ratings.

We consider FFO, net operating income, or NOI, portfolio NOI and comparable property NOI (NOI for properties owned and operated in both periods under comparison) to be key measures of operating performance that are not specifically defined by accounting principles generally accepted in the United States, or GAAP. We use these measures internally to evaluate the operating performance of our portfolio and provide a basis for comparison with other real estate companies. Reconciliations of these measures to the most comparable GAAP measure are included below in this discussion.

Results Overview

Diluted earnings per share and diluted earnings per unit decreased $0.22 during the first three months of 2019 to $1.78 from $2.00 for the same period last year. The decrease in diluted earnings per share and diluted earnings per unit was primarily attributable to:

- 2018 net gains primarily related to disposition activity of $135.3 million, or $0.38 per diluted share/unit,
- decreased consolidated lease settlement activity in 2019 of $24.2 million, or $0.07 per diluted share/unit, and
- decreased income related to distributions from an international investment in 2018 of $20.7 million, or $0.06 per diluted share/unit, partially offset by
- improved operating performance and solid core business fundamentals in 2019 and the impact of our acquisition, development and expansion activity,
- a lawsuit settled with our former insurance broker in 2019 related to the significant flood damage sustained at Opry Mills in May 2010 of $68.0 million, or $0.19 per diluted share/unit,
- a gain in 2019 related to the disposition of our interest in a multi-family residential investment of $15.6 million, or $0.04 per diluted share/unit, and
- decreased interest expense in 2019 of $6.8 million, or $0.02 per diluted share/unit.

Solid core business fundamentals during the first three months of 2019 were primarily driven by strong leasing activity. Portfolio NOI grew 1.7% for the three month period in 2019 over the prior year period. Comparable property NOI grew 1.6% for our portfolio of U.S. Malls, Premium Outlets, and The Mills. Total sales per square foot, or psf, increased from $641 psf at March 31, 2018 to $660 psf, or 3.0%, at March 31, 2019, for our U.S. Malls and Premium Outlets. Average base minimum rent for U.S. Malls and Premium Outlets increased 1.5% to $54.34 psf as of March 31, 2019, from $53.54 psf as of March 31, 2018. Leasing spreads in our U.S. Malls and Premium Outlets were favorable as we were able to lease available square feet at higher rents, resulting in an open/close leasing spread (based on total tenant payments — base minimum rent plus common area maintenance) of $14.17 psf ($66.00 openings compared to $51.83 closings) as of March 31, 2019, representing a 27.3% increase. Ending occupancy for our U.S. Malls and Premium Outlets increased 0.5% to 95.1% as of March 31, 2019, from 94.6% as of March 31, 2018.

Our effective overall borrowing rate at March 31, 2019 on our consolidated indebtedness increased four basis points to 3.35% as compared to 3.31% at March 31, 2018. This increase was primarily due to an increase in the effective overall borrowing rate on variable rate debt of 76 basis points (3.08% at March 31, 2019 as compared to 2.32% at March 31, 2018), partially offset by a decrease in the amount of our variable rate debt. The weighted average years to maturity of our consolidated indebtedness was 6.2 years and 6.4 years at March 31, 2019 and December 31, 2018, respectively. Our financing activity for the three months ended March 31, 2019 included:

- Increasing our borrowings under the Operating Partnership's global unsecured commercial paper note program, or the Commercial Paper program, by $553.1 million through the issuance of U.S. dollar denominated notes.
- Repaying at maturity $600.0 million of senior unsecured notes with a fixed interest rate of 2.20% on February 1, 2019.

United States Portfolio Data

The portfolio data discussed in this overview includes the following key operating statistics: ending occupancy, average base minimum rent per square foot, and total sales per square foot for our domestic assets. We include acquired properties in this data beginning in the year of acquisition and remove disposed properties in the year of disposition. For comparative purposes, we separate the information related to The Mills from our other U.S. operations. We also do not include any information for properties located outside the United States.

The following table sets forth these key operating statistics for the combined U.S. Malls and Premium Outlets:

- properties that are consolidated in our consolidated financial statements,
- properties we account for under the equity method of accounting as joint ventures, and
- the foregoing two categories of properties on a total portfolio basis.

	March 31, 2019	March 31, 2018	%/Basis Points Change (1)
U.S. Malls and Premium Outlets:			
Ending Occupancy			
Consolidated	95.1%	94.7%	40 bps
Unconsolidated	94.9%	94.5%	40 bps
Total Portfolio	95.1%	94.6%	50 bps
Average Base Minimum Rent per Square Foot			
Consolidated	$ 52.70	$ 51.79	1.8%
Unconsolidated	$ 58.67	$ 58.20	0.8%
Total Portfolio	$ 54.34	$ 53.54	1.5%
Total Sales per Square Foot			
Consolidated	$ 640	$ 625	2.4%
Unconsolidated	$ 719	$ 686	4.8%
Total Portfolio	$ 660	$ 641	3.1%
The Mills:			
Ending Occupancy	97.4%	98.3%	-90 bps
Average Base Minimum Rent per Square Foot	$ 32.87	$ 31.38	4.7%
Total Sales per Square Foot	$ 610	$ 599	1.8%

(1) Percentages may not recalculate due to rounding. Percentage and basis point changes are representative of the change from the comparable prior period.

Ending Occupancy Levels and Average Base Minimum Rent per Square Foot. Ending occupancy is the percentage of gross leasable area, or GLA, which is leased as of the last day of the reporting period. We include all company owned space except for mall anchors, mall majors, mall freestanding and mall outlots in the calculation. Base minimum rent per square foot is the average base minimum rent charge in effect for the reporting period for all tenants that would qualify to be included in ending occupancy.

Total Sales per Square Foot. Total sales include total reported retail tenant sales on a trailing 12-month basis at owned GLA (for mall stores with less than 10,000 square feet) in the malls and The Mills and stores with less than 20,000 square feet in the Premium Outlets. Retail sales at owned GLA affect revenue and profitability levels because sales 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.) that tenants can afford to pay.

Current Leasing Activities

During the three months ended March 31, 2019, we signed 210 new leases and 270 renewal leases (excluding mall anchors and majors, new development, redevelopment and leases with terms of one year or less) with a fixed minimum rent across our

U.S. Malls and Premium Outlets portfolio, comprising approximately 1.5 million square feet, of which 1.1 million square feet related to consolidated properties. During the comparable period in 2018, we signed 182 new leases and 278 renewal leases with a fixed minimum rent, comprising approximately 1.7 million square feet, of which 1.5 million square feet related to consolidated properties. The average annual initial base minimum rent for new leases was $62.58 per square foot in 2019 and $54.88 per square foot in 2018 with an average tenant allowance on new leases of $55.43 per square foot and $46.63 per square foot, respectively.

Japan Data

The following are selected key operating statistics for our Premium Outlets in Japan. The information used to prepare these statistics has been supplied by the managing venture partner.

	March 31, 2019	March 31, 2018	%/Basis Points Change
Ending Occupancy	**99.6%**	99.6%	+0 bps
Total Sales per Square Foot	**¥ 107,643**	¥ 106,210	1.35%
Average Base Minimum Rent per Square Foot	**¥ 5,184**	¥ 5,075	2.14%

Results of Operations

The following acquisitions, dispositions and openings of consolidated properties affected our consolidated results in the comparative periods:

- On September 27, 2018, we opened Denver Premium Outlets, a 330,000 square foot center in Thornton (Denver), Colorado. We own a 100% interest in this center.
- On September 25, 2018, we acquired the remaining 50% interest in the previously unconsolidated The Outlets at Orange from our joint venture partner.
- During 2018, we disposed of two retail properties.

The following acquisitions, dispositions and openings of equity method investments and properties affected our income from unconsolidated entities in the comparative periods:

- During the fourth quarter of 2018, our interest in the 41 German department store properties owned through our investment in HBS Global Properties, or HBS, was sold.
- During 2018, we contributed our interest in the licensing venture of Aéropostale for additional interests in Authentic Brands Group LLC, or ABG. Our noncontrolling interest in ABG is 5.4%.
- On May 2, 2018, we and our partner opened Premium Outlet Collection Edmonton International Airport, a 424,000 square foot shopping center in Edmonton (Alberta), Canada. We have a 50% noncontrolling interest in this center.

For the purposes of the following comparison between the three months ended March 31, 2019 and 2018, the above transactions are referred to as the property transactions. In the following discussions of our results of operations, "comparable" refers to properties we owned or held interests in and operated in both of the periods under comparison.

Three months ended March 31, 2019 vs. Three months ended March 31, 2018

Lease income increased $12.2 million during 2019, of which the property transactions accounted for $10.1 million of the increase. Comparable lease income increased $2.1 million, or 0.2%.

Total other income increased $47.1 million, primarily due to a $68.0 million increase related to a lawsuit settled with our former insurance broker in 2019 related to the significant flood damage sustained at Opry Mills in May 2010, a $15.6 million gain on the sale of our interest in a multi-family residential property and a $4.4 million increase related to business interruption insurance proceeds received in connection with two of our Puerto Rico properties as a result of hurricane damages, partially offset by a $24.2 million decrease in lease settlement income and a $20.7 million decrease in income related to distributions from an international investment received in 2018.

Depreciation and amortization expense increased $11.7 million, of which the property transactions accounted for $2.9 million. The comparable properties increased $8.8 million as a result of tenant allowance write-offs in 2019.

Home and regional office costs increased $11.5 million, primarily due to the suspension of leasing cost capitalization in 2019, as a result of the adoption of a new accounting pronouncement.

Other expense decreased $11.4 million primarily related to a favorable $8.3 million non-cash mark-to-market adjustment on an investment in equity instruments in 2019 as compared to 2018 and a decrease in legal fees and expenses of $2.7 million.

Income and other taxes increased $3.9 million due to increased withholding and income taxes related to certain of our international investments.

During 2018, we recorded net gains of $135.3 million primarily related to our disposition activity.

Simon's net income attributable to noncontrolling interests decreased $11.4 million due to a decrease in the net income of the Operating Partnership.

Liquidity and Capital Resources

Because we own long-lived income-producing assets, our financing strategy relies primarily on long-term fixed rate debt. Floating rate debt comprised only 3.5% of our total consolidated debt at March 31, 2019. We also enter into interest rate protection agreements from time to time to manage our interest rate risk. We derive most of our liquidity from positive net cash flow from operations and distributions of capital from unconsolidated entities that totaled $957.7 million in the aggregate during the three months ended March 31, 2019. The Operating Partnership has a $4.0 billion unsecured revolving credit facility, or Credit Facility, and a $3.5 billion supplemental unsecured revolving credit facility, or Supplemental Facility, and together with the Credit Facility, the Credit Facilities. The Credit Facilities and the Commercial Paper program provide alternative sources of liquidity as our cash needs vary from time to time. Borrowing capacity under these sources may be increased as discussed further below.

Our balance of cash and cash equivalents decreased $77.5 million during the first three months of 2019 to $436.8 million as of March 31, 2019 as further discussed in "Cash Flows" below.

On March 31, 2019, we had an aggregate available borrowing capacity of approximately $6.1 billion under the Credit Facilities, net of outstanding borrowings of $125.0 million and amounts outstanding under the Commercial Paper program of $1.3 billion and letters of credit of $11.4 million. For the three months ended March 31, 2019, the maximum aggregate outstanding balance under the Credit Facilities was $125.0 million and the weighted average outstanding balance was $125.0 million. The weighted average interest rate was 3.28% for the three months ended March 31, 2019.

Simon has historically had access to public equity markets and the Operating Partnership has historically had access to private and public long and short-term unsecured debt markets and access to secured debt and private equity from institutional investors at the property level.

Our business model and Simon's status as a REIT require us to regularly access the debt markets to raise funds for acquisition, development and redevelopment activity, and to refinance maturing debt. Simon may also, from time to time, access the equity capital markets to accomplish our business objectives. We believe we have sufficient cash on hand and availability under the Credit Facilities and the Commercial Paper program to address our debt maturities and capital needs through 2019.

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities for the three months ended March 31, 2019 totaled $957.7 million. In addition, we had net repayments from our debt financing and repayment activities of $60.7 million in 2019. These activities are further discussed below under "Financing and Debt." During the first three months of 2019, we also:

- paid stockholder dividends and unitholder distributions totaling approximately $730.7 million and preferred unit distributions totaling $1.3 million,
- funded consolidated capital expenditures of $216.8 million (including development and other costs of $38.3 million, redevelopment and expansion costs of $119.6 million, and tenant costs and other operational capital expenditures of $58.9 million),
- funded investments in unconsolidated entities of $12.0 million,
- received insurance proceeds for property restoration, remediation, and business interruption from hurricane damages in Puerto Rico of $6.1 million, and
- funded the repurchase of $7.6 million of Simon's common stock.

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

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

We expect to generate positive cash flow from operations in 2019, and we consider these projected cash flows in our sources and uses of cash. These cash flows are principally derived from rents paid by our tenants. A significant deterioration in projected cash flows from operations could cause us to increase our reliance on available funds from the Credit Facilities and Commercial Paper program, curtail planned capital expenditures, or seek other additional sources of financing as discussed above.

Financing and Debt

Unsecured Debt

At March 31, 2019, our unsecured debt consisted of $15.0 billion of senior unsecured notes of the Operating Partnership, $125.0 million outstanding under the Credit Facility, and $1.3 billion outstanding under the Commercial Paper program.

On March 31, 2019, we had an aggregate available borrowing capacity of $6.1 billion under the Credit Facilities. The maximum aggregate outstanding balance under the Credit Facilities during the three months ended March 31, 2019 was $125.0 million and the weighted average outstanding balance was $125.0 million. Letters of credit of $11.4 million were outstanding under the Credit Facilities as of March 31, 2019.

The Credit Facility's initial borrowing capacity of $4.0 billion may be increased to $5.0 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. Borrowings in currencies other than the U.S. dollar are limited to 95% of the maximum revolving credit amount, as defined. The initial maturity date of the Credit Facility is June 30, 2021 and can be extended for an additional year to June 30, 2022 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Credit Facility is LIBOR plus 77.5 basis points with a facility fee of 10 basis points.

The Supplemental Facility's initial borrowing capacity of $3.5 billion may be increased to $4.5 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. The initial maturity date of the Supplemental Facility was extended to June 30, 2022 and can be extended for an additional year to June 30, 2023 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Supplemental Facility is LIBOR plus 77.5 basis points with a facility fee of 10 basis points.

The Operating Partnership also has available a Commercial Paper program of $2.0 billion, or the non-U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes will be sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On March 31, 2019, we had $1.3 billion outstanding under the Commercial Paper program, fully comprised of U.S. dollar-denominated notes with a weighted average interest rate of 2.58%. These borrowings have a weighted average maturity date of July 3, 2019 and reduce amounts otherwise available under the Credit Facilities.

On February 1, 2019, the Operating Partnership repaid at maturity $600.0 million of senior unsecured notes with a fixed interest rate of 2.20%.

Mortgage Debt

Total mortgage indebtedness was $6.8 billion at March 31, 2019 and December 31, 2018.

Covenants

Our unsecured debt agreements contain financial covenants and other non-financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of March 31, 2019, we were in compliance with all covenants of our unsecured debt.

At March 31, 2019, we or our subsidiaries were the borrowers under 45 non-recourse mortgage notes secured by mortgages on 48 properties, including two separate pools of cross-defaulted and cross-collateralized mortgages encumbering a total of five properties. Under these cross-default provisions, a default under any mortgage included in the cross-defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non-financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At March 31, 2019, the applicable borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually or in the aggregate, giving effect to applicable cross-default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

Summary of Financing

Our consolidated debt, adjusted to reflect outstanding derivative instruments, and the effective weighted average interest rates as of March 31, 2019 and December 31, 2018, consisted of the following (dollars in thousands):

Debt Subject to	Adjusted Balance as of March 31, 2019	Effective Weighted Average Interest Rate[(1)]	Adjusted Balance as of December 31, 2018	Effective Weighted Average Interest Rate[(1)]
Fixed Rate	**$ 22,347,134**	**3.37%**	$ 22,461,191	3.37%
Variable Rate	**838,831**	**3.08%**	844,344	3.17%
	$ 23,185,965	**3.35%**	$ 23,305,535	3.35%

(1) Effective weighted average interest rate excludes the impact of net discounts and debt issuance costs.

Contractual Obligations

There have been no material changes to our outstanding capital expenditure and lease commitments previously disclosed in the combined 2018 Annual Report on Form 10-K of Simon and the Operating Partnership.

In regards to long-term debt arrangements, the following table summarizes the material aspects of these future obligations on our consolidated indebtedness as of March 31, 2019, for the remainder of 2019 and subsequent years thereafter (dollars in thousands), assuming the obligations remain outstanding through initial maturities, including applicable exercise of available extension options:

	2019	2020 - 2021	2022 - 2023	After 2023	Total
Long Term Debt (1) (2)	$ 1,367,845	$ 5,218,908	$ 5,312,204	$ 11,343,355	$ 23,242,312
Interest Payments (3)	769,975	1,399,846	982,725	2,736,624	5,889,170

(1) Represents principal maturities only and, therefore, excludes net discounts and debt issuance costs.

(2) The amount due in 2019 includes $1.3 billion in Global Commercial Paper – USD.

(3) Variable rate interest payments are estimated based on the LIBOR rate at March 31, 2019.

Off-Balance Sheet Arrangements

Our off-balance sheet arrangements consist primarily of our investments in joint ventures which are common in the real estate industry and are described in note 6 of the condensed notes to our consolidated financial statements. Our joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint venture debt is secured by a first mortgage, is without recourse to the joint venture partners, and does not represent a liability of the partners, except to the extent the partners or their affiliates expressly guarantee the joint venture debt. As of March 31, 2019, the Operating Partnership guaranteed joint venture-related mortgage indebtedness of $211.3 million (of which we have a right of recovery from our joint venture partners of $10.8 million as of March 31, 2019). Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such fundings are not typically required contractually or otherwise.

Hurricane Impacts

During the third quarter of 2017, two of our wholly-owned properties located in Puerto Rico experienced property damage and business interruption as a result of Hurricane Maria. Since the date of the loss, we have received $62.8 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which $40.5 million was used for property restoration and remediation and to reduce the insurance recovery receivable. During the first quarter of 2019, we recorded $4.4 million as business interruption proceeds in other income in the accompanying consolidated statement of operations and comprehensive income.

Acquisitions and Dispositions

Buy-sell, marketing rights, and other exit mechanisms are common in real estate partnership agreements. Most of our partners are institutional investors who have a history of direct investment in retail real estate. We and our partners in our joint venture properties may initiate these provisions (subject to any applicable lock up or similar restrictions). If we determine it is in our stockholders' best interests for us to purchase the joint venture interest and we believe we have adequate liquidity to execute the purchase without hindering our cash flows, then we may initiate these provisions or elect to buy our partner's interest. If we decide to sell any of our joint venture interests, we expect to use the net proceeds to reduce outstanding indebtedness or to reinvest in development, redevelopment, or expansion opportunities.

Acquisitions. On September 25, 2018, we acquired the remaining 50% interest in The Outlets at Orange from our joint venture partner. The Operating Partnership issued 475,183 units, or approximately $84.1 million, as consideration for the acquisition. The property is subject to a $215.0 million 4.22% fixed rate mortgage.

Dispositions. We may continue to pursue the disposition of properties that no longer meet our strategic criteria or that are not a primary retail venue within their trade area.

During the first three months of 2019, we disposed of our interests in one multi-family residential investment. Our share of the gross proceeds on this transaction was $17.3 million. Our share of the gain of $15.6 million is included in other income in the accompanying consolidated statement of operation and comprehensive income.

During the first three months of 2018, we recorded net gains of $135.3 million primarily related to our disposition activity which included the foreclosure of a consolidated property in satisfaction of its $200 million non-recourse mortgage. As discussed in note 6 of the condensed notes to our consolidated financial statements, Klépierre also disposed of its interests in certain shopping centers resulting in a gain, of which our share was $13.4 million.

Development Activity

We routinely incur costs related to construction for significant redevelopment and expansion projects at our properties. Redevelopment and expansion projects, including the addition of anchors, big box tenants, and restaurants, are underway at properties in the United States, Canada, Europe and Asia.

Our share of the costs of all new development, redevelopment and expansion projects currently under construction is approximately $1.4 billion. We expect to fund these capital projects with cash flows from operations. We seek a stabilized return on invested capital in the range of 7-10% for all of our new development, expansion and redevelopment projects.

International Development Activity. We typically reinvest net cash flow from our international joint ventures to fund future international development activity. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We have also funded most of our foreign investments with local currency-denominated borrowings that act as a natural hedge against fluctuations in exchange rates. Our consolidated net income exposure to changes in the volatility of the Euro, Yen, Peso, Won, and other foreign currencies is not material. We expect our share of international development costs for 2019 to be approximately $179 million, primarily funded through reinvested joint venture cash flow and construction loans.

The following table describes these new development and expansion projects as well as our share of the estimated total cost as of March 31, 2019 (in millions):

Property	Location	Gross Leasable Area (sqft)	Our Ownership Percentage	Our Share of Projected Net Cost (in Local Currency)		Our Share of Projected Net Cost (in USD) (1)		Projected Opening Date
New Development Projects:								
Querétaro Premium Outlets.	Querétaro, Mexico	294,000	50%	MXN	441.7	$	22.7	May. - 2019
Málaga Designer Outlet	Málaga, Spain	191,000	46%	EUR	42.0	$	47.1	Sep. - 2019
Siam Premium Outlets Bangkok	Bangkok, Thailand	251,000	50%	THB	1,607.0	$	50.6	Feb. - 2020
West Midlands Designer Outlet	Cannock (West Midlands), England	197,000	20%	GBP	26.5	$	34.5	Oct. - 2020
Expansions:								
Vancouver Designer Outlet Phase 2	Richmond (British Columbia), Canada	84,000	46%	CAD	26.9	$	20.2	Aug. - 2019
Paju Premium Outlets Phase 3	Gyeonggi Province, South Korea	116,000	50%	KRW	26,905	$	23.7	Aug. - 2019
Ashford Designer Outlet Phase 2.	Ashford, England	98,000	46%	GBP	43.0	$	56.1	Oct. - 2019
Noventa di Piave Designer Outlet Phase 5	Noventa di Piave (Venice), Italy	29,000	92%	EUR	21.4	$	24.0	Oct. - 2019
Tosu Premium Outlets Phase 4	Tosu City, Japan	38,000	40%	JPY	964	$	8.7	Nov. - 2019
Gotemba Premium Outlets Phase 4.	Gotemba, Japan	178,000	40%	JPY	7,476	$	67.4	Apr. - 2020

(1) USD equivalent based upon March 31, 2019 foreign currency exchange rates.

Dividends, Distributions and Stock Repurchase Program

Simon paid a common stock dividend of $2.05 per share in the first quarter of 2019 and $1.95 per share in the first quarter of 2018. The Operating Partnership paid distributions per unit for the same amounts. Simon's Board of Directors declared a quarterly cash dividend for the second quarter of 2019 of $2.05 per share of common stock payable on May 31, 2019 to stockholders of record on May 17, 2019. The distribution rate on units is equal to the dividend rate on common stock. In order to maintain its status as a REIT, Simon must pay a minimum amount of dividends. Simon's future dividends and the Operating Partnership's future distributions will be determined by Simon's Board of Directors, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for dividends and limited partner distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the amount required to maintain Simon's status as a REIT.

On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized $2.0 billion common stock repurchase plan through March 31, 2019. On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new program, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions as market conditions warrant. During the three months ended March 31, 2019, Simon repurchased 46,377 shares at an average price of $164.49 per share of its common stock as part of the previous program. As Simon repurchases shares under these programs, the Operating Partnership repurchases an equal number of units from Simon.

Forward-Looking Statements

Certain statements made in this section or elsewhere in this Quarterly Report on Form 10-Q may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: changes in economic and market conditions that may adversely affect the general retail environment; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; decreases in market rental rates; the intensely competitive market environment in the retail industry; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; risks related to international activities, including, without limitation, the impact, if any, of the United Kingdom's exit from the European Union; changes to applicable laws or regulations or the interpretation thereof; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; general risks related to real estate investments, including the illiquidity of real estate investments; the impact of our substantial indebtedness on our future operations; any disruption in the financial markets that may adversely affect our ability to access capital for growth and satisfy our ongoing debt service requirements; any change in our credit rating; changes in market rates of interest and foreign exchange rates for foreign currencies; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks relating to our joint venture properties; environmental liabilities; changes in insurance costs, the availability of comprehensive insurance coverage; security breaches that could compromise our information technology or infrastructure; natural disasters; the potential for terrorist activities; and the loss of key management personnel. We discussed these and other risks and uncertainties under the heading "Risk Factors" in the combined 2018 Annual Report on Form 10-K of Simon and the Operating Partnership. We may update that discussion in subsequent other periodic reports, but, except as required by law, we undertake no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

Non-GAAP Financial Measures

Industry practice is to evaluate real estate properties in part based on performance measures such as FFO, diluted FFO per share, NOI, portfolio NOI and comparable property NOI. We believe that these non-GAAP measures are helpful to investors because they are widely recognized measures of the performance of REITs and provide a relevant basis for comparison among REITs. We also use these measures internally to measure the operating performance of our portfolio.

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts (“NAREIT”) Funds From Operations White Paper – 2018 Restatement. Our main business includes acquiring, owning, operating, developing, and redeveloping real estate in conjunction with the rental of real estate. Gain and losses of assets incidental to our main business are included in FFO. We determine FFO to be our share of consolidated net income computed in accordance with GAAP:

- excluding real estate related depreciation and amortization,
- excluding gains and losses from extraordinary items,
- excluding gains and losses from the sale, disposal or property insurance recoveries of, or any impairment related to, depreciable retail operating properties,
- plus the allocable portion of FFO of unconsolidated joint ventures based upon economic ownership interest, and
- all determined on a consistent basis in accordance with GAAP.

You should understand that our computations of these non-GAAP measures might not be comparable to similar measures reported by other REITs and that these non-GAAP measures:

- do not represent cash flow from operations as defined by GAAP,
- should not be considered as an alternative to net income determined in accordance with GAAP as a measure of operating performance, and
- is not an alternative to cash flows as a measure of liquidity.

The following schedule reconciles total FFO to consolidated net income and, for Simon, diluted net income per share to diluted FFO per share.

	For the Three Months Ended March 31, 2019	2018
	(in thousands)	
Funds from Operations	**$ 1,081,920**	$ 1,026,338
Change in FFO from prior period	**5.4 %**	4.2 %
Consolidated Net Income	**$ 631,947**	$ 715,524
Adjustments to Arrive at FFO:		
Depreciation and amortization from consolidated properties	**325,938**	314,006
Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS	**134,630**	134,925
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	(135,277)
Unrealized change in fair value of equity instruments	**(5,317)**	3,029
Net loss attributable to noncontrolling interest holders in properties	**917**	92
Noncontrolling interests portion of depreciation and amortization	**(4,882)**	(4,648)
Preferred distributions and dividends	**(1,313)**	(1,313)
FFO of the Operating Partnership	**$ 1,081,920**	$ 1,026,338
FFO allocable to limited partners	**142,319**	134,559
Dilutive FFO allocable to common stockholders	**$ 939,601**	$ 891,779
Diluted net income per share to diluted FFO per share reconciliation:		
Diluted net income per share	**$ 1.78**	$ 2.00
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS, net of noncontrolling interests portion of depreciation and amortization	**1.27**	1.24
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	(0.38)
Unrealized change in fair value of equity instruments	**(0.01)**	0.01
Diluted FFO per share	**$ 3.04**	$ 2.87
Basic and Diluted weighted average shares outstanding	**308,978**	310,584
Weighted average limited partnership units outstanding	**46,800**	46,863
Basic and Diluted weighted average shares and units outstanding	**355,778**	357,447

The following schedule reconciles consolidated net income to NOI and sets forth the computations of portfolio NOI and comparable property NOI.

	For the Three Months Ended March 31,	
	2019	2018
	(in thousands)	
Reconciliation of NOI of consolidated entities:		
Consolidated Net Income	**$ 631,947**	$ 715,524
Income and other taxes	**10,102**	6,220
Interest expense	**198,733**	205,492
Income from unconsolidated entities	**(90,444)**	(90,026)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	**—**	(135,277)
Operating Income Before Other Items	**750,338**	701,933
Depreciation and amortization	**328,643**	316,936
Home and regional office costs	**52,560**	41,064
General and administrative	**9,136**	12,628
NOI of consolidated entities	**$ 1,140,677**	$ 1,072,561
Reconciliation of NOI of unconsolidated entities:		
Net Income	**$ 220,758**	$ 211,234
Interest expense	**156,016**	150,932
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	**(21,587)**	—
Operating Income Before Other Items	**355,187**	362,166
Depreciation and amortization	**170,258**	159,836
NOI of unconsolidated entities	**$ 525,445**	$ 522,002
Add: Our share of NOI from Klépierre, HBS, and other corporate investments	**54,675**	60,057
Combined NOI	**$ 1,720,797**	$ 1,654,620
Less: Corporate and Other NOI Sources (1)	**163,811**	123,884
Portfolio NOI	**$ 1,556,986**	$ 1,530,736
Portfolio NOI Growth	**1.7 %**	
Less: Our share of NOI from Klépierre, HBS, and other corporate investments	**54,675**	52,447
Less: International Properties (2)	**114,496**	111,082
Less: NOI from New Development, Redevelopment, Expansion and Acquisitions (3)	**48,727**	49,166
Comparable Property NOI (4)	**$ 1,339,088**	$ 1,318,041
Comparable Property NOI Growth	**1.6 %**	

(1) Includes income components excluded from portfolio NOI and comparable property NOI (domestic lease termination income, interest income, land sale gains, straight line rent, above/below market lease adjustments), gains on sale of equity instruments, unrealized gains and losses on equity instruments, Simon management company revenues, and other assets.

(2) Includes International Premium Outlets (except for Canadian International Premium Outlets included in comparable property NOI) and International Designer Outlets.

(3) Includes total property NOI for properties undergoing redevelopment as well as incremental NOI for expansion properties not yet included in comparable properties.

(4) Includes Malls, Premium Outlets, The Mills and Lifestyle Centers opened and operating as comparable for the period.

Item 3. Qualitative and Quantitative Disclosures About Market Risk

Sensitivity Analysis

We disclosed a qualitative and quantitative analysis regarding market risk in Management's Discussion and Analysis of Financial Condition and Results of Operations included in the combined 2018 Annual Report on Form 10-K of Simon and the Operating Partnership. There have been no material changes in the assumptions used or results obtained regarding market risk since December 31, 2018.

Item 4. Controls and Procedures

Simon

Management's Evaluation of Disclosure Controls and Procedures

Simon maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's, or the SEC's, rules and forms, and that such information is accumulated and communicated to Simon's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of Simon's disclosure controls and procedures as of March 31, 2019. Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2019, Simon's disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Simon's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, Simon's internal control over financial reporting.

The Operating Partnership

Management's Evaluation of Disclosure Controls and Procedures

The Operating Partnership maintains disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including Simon's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Because of inherent limitations, disclosure controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance that the objectives of disclosure controls and procedures are met.

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of March 31, 2019. Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of March 31, 2019, the Operating Partnership's disclosure controls and procedures were effective at a reasonable assurance level.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the quarter ended March 31, 2019 that have materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Part II — Other Information

Item 1. Legal Proceedings

We are involved from time-to-time in various legal and regulatory proceedings that arise in the ordinary course of our business, including, but not limited to, commercial disputes, environmental matters, and litigation in connection with transactions such as acquisitions and divestitures. We believe that our current proceedings will not have a material adverse effect on our financial condition, liquidity or results of operations. We record a liability when a loss is considered probable, and the amount can be reasonably estimated.

Item 1A. Risk Factors

Through the period covered by this report, there were no material changes to the Risk Factors disclosed under Item 1A. Risk Factors in Part I of the combined 2018 Annual Report on Form 10-K of Simon and the Operating Partnership.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Simon

Unregistered Sales of Equity Securities

During the quarter ended March 31, 2019, Simon issued 24,000 shares of common stock on March 7, 2019 to a limited partner of the Operating Partnership in exchange for an equal number of units pursuant to the partnership agreement of the Operating Partnership. The issuance of shares of common stock was exempt from registration pursuant to Section 4(a)(2) of the Securities Act of 1933, as amended.

Issuer Purchases of Equity Securities

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans	Approximate value of shares that may yet be purchased under plans (2)
January 1, 2019 - January 31, 2019	47,860 (1)	$ 164.60	46,377	$ 632,987,810
February 1, 2019 - February 28, 2019	—	$ —	—	$ 2,000,000,000
March 1, 2019 - March 31, 2019	—	$ —	—	$ 2,000,000,000
	47,860	$ 164.60	46,377	

(1) Total number of shares purchased includes shares withheld by us and transferred to treasury shares in connection with employee payroll tax withholding upon the vesting of certain restricted stock awards.

(2) On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized $2.0 billion common stock repurchase plan through March 31, 2019 and on February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new plan, Simon may repurchase up to $2.0 billion of its common stock during the two-year period ending February 11, 2021 in the open market or in privately negotiated transactions. As Simon repurchases shares under these plans, the Operating Partnership repurchases an equal number of units from Simon.

The Operating Partnership

Unregistered Sales of Equity Securities

There were no unregistered sales of equity securities made by the Operating Partnership during the quarter ended March 31, 2019.

Issuer Purchases of Equity Securities

During the quarter ended March 31, 2019, the Operating Partnership redeemed 774 units from three limited partners for $0.1 million in cash.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

During the quarter covered by this report, the Audit Committee of Simon's Board of Directors approved certain audit, audit-related, and non-audit tax compliance and tax consulting services to be provided by Ernst & Young LLP, our independent registered public accounting firm. This disclosure is made pursuant to Section 10A(i)(2) of the Exchange Act as added by Section 202 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits

Exhibit Number	Exhibit Descriptions
31.1	Simon Property Group, Inc. — Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Simon Property Group, Inc. — Certification by the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.3	Simon Property Group, L.P. — Certification by the Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.4	Simon Property Group, L.P. — Certification by the Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Simon Property Group, Inc. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Simon Property Group, L.P. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

SIGNATURES

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

SIMON PROPERTY GROUP, INC.

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer

Date: May 8, 2019

SIMON PROPERTY GROUP, L.P.

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial Officer and
Treasurer of Simon Property Group, Inc., General Partner

Date: May 8, 2019

EXHIBIT 31.1

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

I, David Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President

EXHIBIT 31.2

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

I, Brian J. McDade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer

EXHIBIT 31.3

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

I, David Simon, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

    (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors, Chief Executive Officer
and President of Simon Property Group, Inc., General Partner

EXHIBIT 31.4

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

I, Brian J. McDade, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Simon Property Group, L.P.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2019

/s/ BRIAN J. MCDADE

Brian J. McDade
Executive Vice President, Chief Financial Officer and
Treasurer of Simon Property Group, Inc., General Partner

EXHIBIT 32.1

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

In connection with the Quarterly Report of Simon Property Group, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President
Date: May 8, 2019

/s/ BRIAN J. MCDADE
Brian J. McDade
Executive Vice President, Chief Financial
Officer and Treasurer
Date: May 8, 2019

EXHIBIT 32.2

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

In connection with the Quarterly Report of Simon Property Group, L.P. (the "Company") on Form 10-Q for the period ended March 31, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ DAVID SIMON
David Simon
Chairman of the Board of Directors,
Chief Executive Officer and President of
Simon Property Group, Inc., General Partner
Date: May 8, 2019

/s/ BRIAN J. MCDADE
Brian J. McDade
Executive Vice President, Chief Financial Officer,
and Treasurer of Simon Property Group, Inc.,
General Partner
Date: May 8, 2019