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 June 30, 1997

Commission file number 333-11491

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

Delaware	34-1755769
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
115 West Washington Street Indianapolis, Indiana	46204
(Address of principal executive offices)	(Zip Code)

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

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

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SIMON DeBARTOLO GROUP, L. P.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited and dollars in thousands, except per unit amounts)

	June 30, 1997	December 31, 1996
ASSETS:		
Investment properties, at cost	$5,446,684	$5,301,021
Less _ accumulated depreciation	358,928	279,072
	5,087,756	5,021,949
Cash and cash equivalents	44,946	64,309
Restricted cash	33,414	6,110
Tenant receivables and accrued revenue, net	165,375	166,119
Notes and advances receivable from Management Company and affiliate	90,209	75,452
Investment in partnerships and joint ventures, at equity	403,090	394,409
Other investments	50,000	-
Deferred costs and other assets	143,871	138,492
Minority interest	27,773	29,070
Total assets	$6,046,434	$5,895,910
LIABILITIES:		
Mortgages and other indebtedness	$3,928,662	$3,681,984
Accounts payable and accrued expenses	177,064	170,203
Cash distributions and losses in partnerships and joint ventures, at equity	19,264	17,106
Investment in Management Company and affiliates	6,658	8,567
Other liabilities	63,996	72,876
Total liabilities	4,195,644	3,950,736
COMMITMENTS AND CONTINGENCIES (Note 11)		
PARTNERS' EQUITY:		
Preferred units, 12,000,000 units outstanding	292,912	292,912
General Partner, 97,656,615 and 96,880,415 units outstanding, respectively	970,228	1,017,333
Limited Partner, 60,974,050 units outstanding	605,841	640,283
Unamortized restricted stock award	(18,191)	(5,354)
Total partners' equity	1,850,790	1,945,174
Total liabilities and partners' equity	$6,046,434	$5,895,910

The accompanying notes are an integral part of these statements.

SIMON DeBARTOLO GROUP, L. P.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited and dollars in thousands, except per unit amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1997	1996	1997	1996
REVENUE:				
Minimum rent	$149,354	$ 81,484	$297,373	$159,938
Overage rent	10,049	5,784	17,564	10,751
Tenant reimbursements	74,208	47,241	150,031	94,226
Other income	11,444	9,251	22,501	18,289
Total revenue	245,055	143,760	487,469	283,204
EXPENSES:				
Property operating	41,357	25,759	84,025	50,606
Depreciation and amortization	44,129	26,635	87,483	51,307
Real estate taxes	24,589	14,535	49,350	28,364
Repairs and maintenance	7,597	5,468	17,546	12,541
Advertising and promotion	6,687	4,703	11,900	8,897
Provision for credit losses	1,850	254	2,825	1,751
Other	4,391	3,355	8,179	5,614
Total operating expenses	130,600	80,709	261,308	159,080
OPERATING INCOME	114,455	63,051	226,161	124,124
INTEREST EXPENSE	67,076	40,568	134,994	79,134
INCOME BEFORE MINORITY INTEREST	47,379	22,483	91,167	44,990
MINORITY INTEREST	(741)	(672)	(2,225)	(1,175)
GAIN ON SALE OF ASSET, NET	(17)	0	20	0
INCOME BEFORE UNCONSOLIDATED ENTITIES	46,621	21,811	88,962	43,815
INCOME FROM UNCONSOLIDATED ENTITIES	1,792	2,157	2,513	3,985
INCOME BEFORE EXTRAORDINARY ITEMS	48,413	23,968	91,475	47,800
EXTRAORDINARY ITEMS	(1,467)	0	(24,714)	(265)
NET INCOME	46,946	23,968	66,761	47,535
GENERAL PARTNER PREFERRED UNIT REQUIREMENT	(6,407)	(2,031)	(12,813)	(4,062)
NET INCOME AVAILABLE TO UNITHOLDERS	$ 40,539	$ 21,937	$ 53,948	$ 43,473
NET INCOME AVAILABLE TO UNITHOLDERS ATTRIBUTABLE TO:				
General Partner	$ 24,951	$ 13,412	$ 33,184	$ 26,566
Limited Partners	15,588	8,525	20,764	16,907
	$ 40,539	$ 21,937	$ 53,948	$ 43,473
EARNINGS PER UNIT:				
Income before extraordinary items	$ 0.27	$ 0.23	$ 0.50	$ 0.45
Extraordinary items	(0.01)	0.00	(0.16)	0.00
Net income	$ 0.26	$ 0.23	$ 0.34	$ 0.45

The accompanying notes are an integral part of these statements.

SIMON DeBARTOLO GROUP, L. P.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited and dollars in thousands)

	For the Six Months Ended June 30, 1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 66,761	$ 47,535
Adjustments to reconcile net income to net cash provided by operating activities_		
Extraordinary items	24,714	265
Equity in income of unconsolidated entities	(2,513)	(3,985)
Gain on sale of assets, net	(20)	0
Minority interest	2,225	1,175
Depreciation and amortization	90,961	55,303
Straight-line rent	(3,461)	506
Changes in assets and liabilities_		
Tenant receivables and accrued revenue	7,104	5,889
Deferred costs and other assets	(8,370)	(3,171)
Accounts payable, accrued expenses and other liabilities	(5,347)	(12,883)
Net cash provided by operating activities	172,054	90,634
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition	-	(43,941)
Capital expenditures	(142,327)	(51,578)
Cash from consolidation of joint venture	-	1,695
Increase in restricted cash	(27,304)	-
Proceeds from sale of assets	599	-
Investments in and advances to unconsolidated entities	(39,887)	(9,123)
Distributions from unconsolidated entities	19,211	32,937
Other investing activities	(55,400)	-
Net cash used in investing activities	(245,108)	(70,010)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuances of common stock, net	5,920	(62)
Minority interest distributions	(1,792)	(2,770)
Partnership distributions	(170,646)	(97,827)
Mortgage and other indebtedness proceeds, net of transaction costs	590,798	230,085
Mortgage and other indebtedness principal payments	(349,589)	(147,215)
Other refinancing transaction	(21,000)	-
Net cash provided by (used in) financing activities	53,691	(17,789)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(19,363)	2,835
CASH AND CASH EQUIVALENTS, beginning of period	64,309	62,721
CASH AND CASH EQUIVALENTS, end of period	$ 44,946	$ 65,556

The accompanying notes are an integral part of these statements.

SIMON DeBARTOLO GROUP, L.P.

Notes to Unaudited Consolidated Condensed Financial Statements

(Dollars in thousands)

Note 1 - Organization

Simon DeBartolo Group, L.P. ("SDG, LP") is a subsidiary partnership of Simon DeBartolo Group, Inc. (the "Company"), a self-administered and self-managed real estate investment trust ("REIT"). Simon Property Group, L.P. ("SPG, LP") is a subsidiary partnership of SDG, LP and of the Company. SDG, LP and SPG, LP are hereafter collectively referred to as the "Operating Partnership." On August 9, 1996 (the "Merger Date"), the Company acquired, through merger (the "Merger") the national shopping center business of DeBartolo Realty Corporation ("DRC") (See Note 4). Prior to the Merger Date, references to the Operating Partnership refer to SPG, LP only. The Operating Partnership is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of June 30, 1997, the Operating Partnership owned or held an interest in 186 income-producing properties, consisting of 113 regional malls, 65 community shopping centers, three specialty retail centers, four mixed-use properties and one value-oriented super-regional mall in 33 states (the "Properties"). The Operating Partnership also owns interests in six properties under construction, six parcels of land held for future development and substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company" - - See Note 7).

Note 2 - Basis of Presentation

The accompanying consolidated condensed financial statements are unaudited; however, they have been prepared in accordance with generally accepted accounting principles for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the consolidated condensed financial statements for these interim periods have been included. The results for the interim period ended June 30, 1997 are not necessarily indicative of the results to be obtained for the full fiscal year. These unaudited consolidated condensed financial statements should be read in conjunction with the December 31, 1996 audited financial statements and notes thereto included in the Simon DeBartolo Group, L.P. Annual Report on Form 10-K.

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

Properties which are wholly-owned or owned less than 100% and are controlled by the Operating Partnership have been consolidated. The Operating Partnership's equity interests in certain partnerships and joint ventures which represent noncontrolling 14.7% to 50.0% ownership interests and the investment in the Management Company are accounted for under the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions. In addition, the Operating Partnership held a 2% noncontrolling ownership interest in West Town Mall, which is accounted for using the cost method of accounting. On July 10, 1997, the Operating Partnership acquired a 48% interest in West Town Mall. Effective July 10, 1997, the property is being accounted for using the equity method of accounting (See Note 12).

Net operating results of the Operating Partnership are allocated after preferred distributions, based on its partners' ownership interests. The Company's weighted average ownership interest in the Operating Partnership for the three-month periods ended June 30, 1997 and 1996 was 61.6% and 61.1%, respectively. The Company's weighted average ownership interest in the Operating Partnership for the six-month periods ended June 30, 1997 and 1996 was 61.5% and 61.1%, respectively. The Company owned 61.6% and 61.4% of the Operating Partnership as of June 30, 1997 and December 31, 1996.

Note 3 - Reclassifications

Certain reclassifications of prior period amounts have been made in the financial statements to conform to the 1997 presentation.

Note 4 -The Merger

On August 9, 1996, the Company acquired the national shopping center business of DRC for an aggregate value of approximately $3.0 billion. The acquired portfolio consisted of 49 regional malls, 11 community centers and 1 mixed-use Property. These Properties included 47,052,267 square feet of retail space gross leasable area ("GLA") and 558,636 square feet of office GLA. The Merger was accounted for using the purchase method of accounting. Of these Properties, 40 regional malls, 10 community centers and the mixed-use Property are being accounted for using the consolidated method of accounting. The remaining Properties are being accounted for using the equity method of accounting, with the exception of one regional mall, which is accounted for using the cost method of accounting.

Pro Forma

The following unaudited pro forma summary financial information combines the consolidated results of operations of the Operating Partnership as if the Merger had occurred as of January 1, 1996, and was carried forward through June 30, 1996. Preparation of the pro forma summary information was based upon assumptions deemed appropriate by the Operating Partnership. The pro forma summary information is not necessarily indicative of the results which actually would have occurred if the Merger had been consummated at January 1, 1996, nor does it purport to represent the future financial position and results of operations for future periods.

	Six Months Ended June 30, 1996
Revenue	$ 461,536
Net income available to unitholders	79,541
Net income per unit	$ 0.51
Weighted average number of units outstanding	156,850,806

Note 5 - Cash Flow Information

Cash paid for interest, net of amounts capitalized, during the six months ended June 30, 1997 was $136,657, as compared to $75,908 for the same period in 1996. All accrued distributions had been paid as of June 30, 1997 and December 31, 1996.

Note 6 - Per Unit Data

Per unit data is based on the weighted average number of units of ownership in the Operating Partnership ("Units") outstanding during the period. As used herein, the term Units does not include units of partnership interest entitled to preferential distribution of cash ("Preferred Units"). The weighted average number of Units used in the computation for the three months ended June 30, 1997 and 1996 was 158,566,712 and 95,842,853, respectively. The weighted average number of Units used in the computation for the six months ended June 30, 1997 and 1996 was 158,260,924 and 95,753,829, respectively. Units of ownership in the Operating Partnership may be exchanged for shares of common stock of the Company on a one-for-one basis in certain circumstances. The outstanding stock options and the Preferred Units have not been included in the computations of per Unit data as they did not have a dilutive effect.

Note 7 - Investment in Unconsolidated Entities

Partnerships and Joint Ventures

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

BALANCE SHEETS	June 30, 1997	December 31, 1996
Assets:		
Investment properties at cost, net	$2,018,421	$1,887,555
Cash and cash equivalents	62,563	61,267
Tenant receivables	65,996	58,548
Other assets	56,714	69,365
Total assets	$2,203,694	$2,076,735
Liabilities and Partners' Equity:		
Mortgages and other indebtedness	$1,274,586	$1,121,804
Accounts payable, accrued expenses and other liabilities	155,606	213,394
Total liabilities	1,430,192	1,335,198
Partners' equity	773,502	741,537
Total liabilities and partners' equity	$2,203,694	$2,076,735
The Operating Partnership's Share of:		
Total assets	$ 651,677	$ 602,084
Partners' equity	$ 156,868	$ 144,376
Add: Excess Investment (See below)	226,958	232,927
Operating Partnership's net Investment in Joint Ventures	$ 383,826	$ 377,303

STATEMENTS OF OPERATIONS	For the three months ended June 30, 1997	1996	For the six months ended June 30, 1997	1996
Revenue:				
Minimum rent	$ 53,749	$ 25,876	$106,204	$ 53,840
Overage rent	1,623	927	3,314	1,689
Tenant reimbursements	24,346	13,380	49,578	27,448
Other income	5,666	1,653	7,363	6,422
Total revenue	85,384	41,836	166,459	89,399
Operating Expenses:				
Operating expenses and other	30,121	15,282	60,915	32,849
Depreciation and amortization	17,062	9,916	35,061	20,586
Total operating expenses	47,183	25,198	95,976	53,435
Operating Income	38,201	16,638	70,483	35,964
Interest Expense	20,489	6,287	41,578	14,134
Extraordinary Losses	324	-	1,182	-
Net Income	17,388	10,351	27,723	21,830
Third Party Investors' Share of Net Income	13,083	8,676	20,377	18,698
The Operating Partnership's Share of Net Income	$ 4,305	$ 1,675	$ 7,346	$ 3,132
Amortization of Excess Investment (See below)	(3,062)	-	(5,969)	-
Income from Unconsolidated Entitie	$ 1,243	$ 1,675	$ 1,377	$ 3,132

As of June 30, 1997 and December 31, 1996, the unamortized excess of the Operating Partnership's investment over its share of the equity in the underlying net assets of the partnerships and joint ventures ("Excess

Investment") was approximately $226,958 and $232,927, respectively. This Excess Investment, which resulted primarily from the Merger, is being amortized generally over the life of the related Properties. Amortization included in income from unconsolidated entities for the three-month and six-month periods ended June 30, 1997 was $3,062 and $5,969, respectively.

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

The Management Company

The Management Company, including its consolidated subsidiaries, provides management, leasing, development, accounting, legal, marketing and management information systems services to 33 non-wholly owned Properties, Melvin Simon & Associates, Inc., and certain other non-owned properties. Certain subsidiaries of the Management Company provide architectural, design, construction, insurance and other services primarily to certain of the Properties. The Management Company also invests in other businesses to provide other synergistic services to the Properties. The Operating Partnership's share of consolidated net income of the Management Company, after intercompany profit eliminations, was $549 and $482 for the three-month periods ended June 30, 1997 and 1996, respectively, and was $1,136 and $853 for the six-month periods ended June 30, 1997 and 1996, respectively.

Note 8 - Other Investment

On June 16, 1997, the Operating Partnership purchased 1,408,450 shares of common stock of Chelsea GCA Realty, Inc. ("Chelsea"), a publicly traded REIT, for $50,000 using borrowings from the Operating Partnership's Credit Facility (See below). The shares purchased represent approximately 9.2% of Chelsea's outstanding common stock. In addition, the Operating Partnership and Chelsea announced that they have formed a strategic alliance to develop and acquire manufacturer's outlet shopping centers with 500,000 square feet or more of GLA in the United States. The investment in Chelsea is being reflected in the accompanying consolidated condensed balance sheets in other investments.

Note 9 - Debt

On January 31, 1997, the Operating Partnership completed a refinancing transaction involving debt on four consolidated Properties. The transaction consisted of the payoff of one loan totaling $43,375, a restatement of the interest rate on the three remaining loans, the acquisition of the contingent interest feature on all four loans for $21,000, and $3,904 of principal reductions on two additional loans. This transaction, which was funded using the Credit Facility (See below), resulted in an extraordinary loss of $23,247, including the write-off of deferred mortgage costs of $2,247.

On April 14, 1997, the Operating Partnership obtained improvements to its $750,000 unsecured revolving credit facility (the "Credit Facility"), which has an initial maturity of September 1999, subject to an automatic one-year extension. The Credit Facility agreement was amended to reduce the interest rate from LIBOR plus 0.90% to LIBOR plus 0.75%. In addition, the Credit Facility's competitive bid feature, which has further reduced interest costs, was increased from $150,000 to $300,000.

On May 15, 1997, the Operating Partnership established a Medium-Term Note ("MTN") program. On June 24, 1997, the Operating Partnership completed the sale of $100,000 of notes under the MTN program. The notes sold bear interest at 7.125% and have a stated maturity of June 24, 2005. The net proceeds of approximately $99,000 from this sale were used primarily to pay down the Credit Facility.

Also on May 15, 1997, the Operating Partnership refinanced approximately $140,000 in existing debt on The Forum Shops at Caesar's. The new debt consists of three classes of notes totaling $180,000, with $90,000 bearing interest at 7.125% and $90,000 bearing interest at LIBOR plus 0.30%, all of which mature on May 15, 2004. Approximately $40,000 of the borrowings were placed in escrow to pay for construction costs required in connection with the expansion of this project, which is scheduled to open on August 28, 1997. As of June 30, 1997, $28,539 remains in escrow, which is reflected in restricted cash in the accompanying consolidated condensed balance sheet.

On June 5, 1997, the Operating Partnership closed a $115,000 construction loan for The Shops at Sunset Place. The loan initially bears interest at LIBOR plus 1.25% and matures on June 30, 2000, with two one-year extensions available, contingent upon certain conditions and subject to extension fees.

On June 30, 1997, the Operating Partnership closed an unsecured loan which bears interest at LIBOR plus 0.75% and matures on September 29, 1998. The proceeds were used to retire an existing $55,000 mortgage on East Towne Mall, which bore interest at LIBOR plus 1.125%.

At June 30, 1997, the Operating Partnership had consolidated debt of $3,928,662, of which $2,938,157 was fixed-rate debt and $990,505 was variable-rate debt. The Operating Partnership's pro rata share of indebtedness of the unconsolidated joint venture Properties as of June 30, 1997 and December 31, 1996 was $498,726 and $448,218, respectively. As of June 30, 1997 and December 31, 1996, the Operating Partnership had interest-rate protection agreements related to $476,575 and $524,561 of its pro rata share of indebtedness, respectively. The agreements are generally in effect until the related variable-rate debt matures. As a result of the various interest rate protection agreements, interest savings were $473 and $359 for the three months ended June 30, 1997 and 1996, respectively, and $1,086 and $812 for the six-month periods ended June 30, 1997 and 1996, respectively.

Note 10 - Partners' Equity

The following table summarizes the change in the Operating Partnership's partners' equity since December 31, 1996.

	Preferred Units	General Partner	Limited Partner	Unamortized Restricted Stock Award Award	Total Partners' Equity
Balance at December 31, 1996	$ 292,912	$1,017,333	$ 640,283	$ (5,354)	$1,945,174
Units issued in connection with stock incentive program (507,549 Units)		15,861		(15,861)	-
Other Units issuances (268,651 Units)		6,477			6,477
Amortization of stock incentive				3,024	3,024
Adjustment to allocate net equity of the Operating Partnership		(5,616)	5,616		-
Net income	12,813	33,184	20,764		66,761
Distributions	(12,813)	(97,011)	(60,822)		(170,646)
Balance at June 30, 1997	$ 292,912	$ 970,228	$ 605,841	$ (18,191)	$1,850,790

Stock Incentive Programs

Under the terms of the Company's Stock Incentive Programs (the "Plans"), eligible executives receive restricted stock, subject to performance standards, vesting requirements and other terms of the Plans. On March 26, 1997, the compensation committee of the board of directors of the Company approved the issuance of 507,549 shares under the Plans. As of June 30, 1997, there were total of 850,890 shares issued under the Plans, with 391,870 shares remaining available for issuance, subject to applicable performance standards and other terms of the Plans. The value of shares issued under the Plans is being amortized pro-rata over their respective four-year vesting periods. Approximately $3,024 and $1,042 have been amortized for the six-month periods ended June 30, 1997 and 1996, respectively.

Note 11 - Commitments and Contingencies

Litigation

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

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

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

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

Note 12 - Significant Subsequent Events

Series C Preferred Shares

On July 9, 1997 the Company sold 3,000,000 shares of 7.89% Series C Cumulative Step-Up Premium RateSM Preferred Stock (the "Series C Preferred Shares") in a public offering at $50.00 per share. Beginning October 1, 2012, the rate increases to 9.89% of the liquidation preference per annum. The Series C Preferred Shares are not redeemable prior to September 30, 2007. Beginning September 30, 2007, the Series C Preferred Shares may be redeemed at the option of the Company in whole or in part, at a redemption price of $50.00 per share, plus accrued and unpaid distributions, if any, thereon. The redemption price of the Series C Preferred Shares may only be paid from the sale proceeds of other capital stock of the Company, which may include other classes or series of preferred stock. Additionally, the Series C Preferred Shares have no stated maturity and are not subject to any mandatory redemption provisions, nor are they convertible into any other securities of the Company. The Company contributed the net proceeds of this offering of approximately $146,000 to the Operating Partnership in exchange for Preferred Units, the economic terms of which are substantially identical to the Series C Preferred Shares. The Operating Partnership used the proceeds to increase its ownership interest in West Town Mall (See below), to pay down the Credit Facility and for general working capital purposes.

West Town Mall

On July 10, 1997, the Operating Partnership acquired a 48% interest in West Town Mall in Knoxville, Tennessee for $69,930. This transaction increased the Operating Partnership's ownership of West Town Mall to 50%. Effective July 10, 1997, the property is being accounted for using the equity method of accounting. It was previously accounted for using the cost method.

Debt Securities Offering

On July 17, 1997, the Operating Partnership completed a $250,000 public offering of two tranches of its seven-year and twelve-year non-convertible senior unsecured debt securities (the "Notes"). The first tranche was for $100,000 at 6 3/4% with a maturity of July 15, 2004. The second tranche was for $150,000 at 7% with a maturity of July 15, 2009. The Notes pay interest semi-annually, are guaranteed by SPG, LP, and contain covenants relating to minimum leverage, EBITDA and unencumbered EBITDA ratios. The Notes were issued under the Operating Partnership's $750,000 debt shelf registration.

Dadeland Mall

On August 8, 1997, an affiliate of the Operating Partnership acquired a 50% interest in a trust that owns Dadeland Mall, a 1.4 million square foot super-regional mall in Miami, Florida. Dadeland Mall is a dominant mall in its trade area with small shop sales of $649 per square foot in 1996 and leased and committed occupancy of 94%. A portion of the purchase price was paid in the form of 658,707 shares of the Company's common stock. The remaining portion of the purchase price was financed using borrowings from the Credit Facility. This joint venture will be accounted for using the equity method of accounting.

Shelf Registration

On August 13, 1997, the Operating Partnership filed a shelf registration statement with the SEC to provide for the offering, from time to time, of up to $1,000,000 aggregate public offering price of unsecured debt securities of the Operating Partnership. The net proceeds of such offerings may be used to fund acquisition or development activity, retire existing debt or for any other purpose deemed appropriate by the Operating Partnership. Any securities issued under this registration would be guaranteed by SPG, LP, although management has no immediate plans to issue securities under the program.

SIMON PROPERTY GROUP, L.P.
CONSOLIDATED CONDENSED BALANCE SHEETS
(Unaudited and dollars in thousands, except per unit amounts)

	June 30, 1997	December 31, 1996
ASSETS:		
Investment properties, at cost	$2,563,974	$2,467,779
Less _ accumulated depreciation	285,706	238,167
	2,278,268	2,229,612
Cash and cash equivalents	27,324	50,009
Restricted cash	28,539	0
Tenant receivables and accrued revenue, net	132,690	136,496
Notes and advances receivable from Management Company	78,735	63,978
Investment in partnerships and joint ventures, at equity	150,708	139,711
Deferred costs and other assets	138,349	129,665
Minority interest	9,602	9,712
Total assets	$2,844,215	$2,759,183
LIABILITIES:		
Mortgages and other indebtedness	$2,141,302	$2,042,254
Advances from Simon DeBartolo Group, L.P.	339,338	259,382
Accounts payable and accrued expenses	115,482	113,027
Cash distributions and losses in partnerships and joint ventures, at equity	19,054	17,106
Investment in Management Company and affiliates	16,610	18,519
Minority interest held by affiliates	67,235	12,128
Other liabilities	32,696	42,139
Total liabilities	2,731,717	2,504,555
COMMITMENTS AND CONTINGENCIES (Note 10)		
PARTNERS' EQUITY:		
Preferred units, 4,000,000 units authorized, issued and outstanding	99,923	99,923
General Partner, 958,429 units outstanding	169	1,601
Special Limited Partner, 95,356,834 units outstanding	16,718	158,458
Unamortized restricted stock award	(4,312)	(5,354)
Total partners' equity	112,498	254,628
Total liabilities and partners' equity	$2,844,215	$2,759,183

The accompanying notes are an integral part of these statements.

SIMON PROPERTY GROUP, L.P.
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited and dollars in thousands, except per unit amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1997	1996	1997	1996
REVENUE:				
Minimum rent	$ 87,521	$ 81,484	$174,010	$159,938
Overage rent	6,460	5,784	11,360	10,751
Tenant reimbursements	50,499	47,241	102,138	94,226
Other income	8,881	9,251	13,875	18,289
Total revenue	153,361	143,760	301,383	283,204
EXPENSES:				
Property operating	26,460	25,759	53,836	50,606
Depreciation and amortization	27,321	26,635	53,794	51,307
Real estate taxes	15,170	14,535	30,411	28,364
Repairs and maintenance	5,315	5,468	11,868	12,541
Advertising and promotion	4,541	4,703	8,032	8,897
Provision for credit losses	904	254	2,192	1,751
Other	3,394	3,355	4,882	5,614
Total operating expenses	83,105	80,709	165,015	159,080
OPERATING INCOME	70,256	63,051	136,368	124,124
INTEREST EXPENSE	42,858	40,568	85,874	79,134
INCOME BEFORE MINORITY INTEREST	27,398	22,483	50,494	44,990
MINORITY INTEREST	(7,563)	(672)	(6,393)	(1,175)
GAIN ON SALE OF ASSETS, NET	(17)	0	20	0
INCOME BEFORE UNCONSOLIDATED ENTITIES	19,818	21,811	44,121	43,815
INCOME FROM UNCONSOLIDATED ENTITIES	1,387	2,157	3,161	3,985
INCOME BEFORE EXTRAORDINARY ITEMS	21,205	23,968	47,282	47,800
EXTRAORDINARY ITEMS	(1,467)	0	(24,714)	(265)
NET INCOME	19,738	23,968	22,568	47,535
PREFERRED UNIT REQUIREMENT	(2,032)	(2,031)	(4,063)	(4,062)
NET INCOME AVAILABLE TO UNITHOLDERS	$ 17,706	$ 21,937	$ 18,505	$ 43,473
NET INCOME AVAILABLE TO UNITHOLDERS ATTRIBUTABLE TO:				
General Partner	$ 177	$ 13,412	$ 185	$ 26,566
Limited Partners	17,529	8,525	18,320	16,907
	$ 17,706	$ 21,937	$ 18,505	$ 43,473
EARNINGS PER UNIT:				
Income before extraordinary items	$ 0.20	$ 0.23	$ 0.45	$ 0.45
Extraordinary items	(0.02)	0.00	(0.26)	0.00
Net income	$ 0.18	$ 0.23	$ 0.19	$ 0.45

The accompanying notes are an integral part of these statements.

SIMON PROPERTY GROUP, L.P.
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited and dollars in thousands)

	For the Six Months Ended June 30, 1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 22,568	$ 47,535
Adjustments to reconcile net income to net cash provided by operating activities_		
Depreciation and amortization	57,618	55,303
Loss on extinguishments of debt	24,714	265
Gain on sale of assets, net	(20)	0
Straight-line rent	(103)	506
Minority interest	6,393	1,175
Equity in income of unconsolidated entities	(3,161)	(3,985)
Changes in assets and liabilities_		
Tenant receivables and accrued revenue	4,951	5,889
Deferred costs and other assets	(10,310)	(3,171)
Accounts payable, accrued expenses and other liabilities	(6,986)	(12,883)
Net cash provided by operating activities	95,664	90,634
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition	0	(43,941)
Capital expenditures	(96,818)	(51,578)
Cash from consolidation of joint venture	0	1,695
Increase in restricted cash	(28,539)	0
Proceeds from sale of assets	599	0
Investments in and advances to unconsolidated entities	(37,117)	(9,123)
Distributions from unconsolidated entities	13,932	32,937
Other investing activity	(5,400)	0
Net cash used in investing activities	(153,343)	(70,010)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuances of common stock, net	0	(62)
Minority interest distributions	(17,013)	(2,770)
Partnership distributions	(100,137)	(97,827)
Mortgage and other indebtedness proceeds, net of transaction costs	435,798	230,085
Mortgage and other indebtedness principal payments	(342,610)	(147,215)
Advances from affiliate	79,956	0
Other refinancing transaction	(21,000)	0
Net cash provided by (used in) financing activities	34,994	(17,789)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(22,685)	2,835
CASH AND CASH EQUIVALENTS, beginning of period	50,009	62,721
CASH AND CASH EQUIVALENTS, end of period	$ 27,324	$ 65,556

The accompanying notes are an integral part of these statements.

SIMON PROPERTY GROUP, L.P.

Notes to Unaudited Consolidated Condensed Financial Statements

(Dollars in thousands)

Note 1 - Organization

Simon DeBartolo Group, L.P. ("SDG, LP") is a subsidiary partnership of Simon DeBartolo Group, Inc. (the "Company"), a self-administered and self-managed real estate investment trust ("REIT"). Simon Property Group, L.P. ("SPG, LP" or the "Simon Operating Partnership") is a subsidiary partnership of SDG, LP and of the Company. On August 9, 1996 (the "Merger Date"), the Company acquired, through merger (the "Merger") the national shopping center business of DeBartolo Realty Corporation ("DRC") (See Note 4). The Simon Operating Partnership, is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of June 30, 1997, the Simon Operating Partnership owned or held an interest in 123 income-producing properties, consisting of 63 regional malls, 53 community shopping centers, three specialty retail centers, three mixed-use properties and one value-oriented super-regional mall in 30 states (the "Properties"). The Simon Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company") - (See Note 7.)

Note 2 - Basis of Presentation

The accompanying consolidated condensed financial statements are unaudited; however, they have been prepared in accordance with generally accepted accounting principles for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting solely of normal recurring matters) necessary for a fair presentation of the consolidated condensed financial statements for these interim periods have been included. The results for the interim period ended June 30, 1997 are not necessarily indicative of the results to be obtained for the full fiscal year. These unaudited consolidated condensed financial statements should be read in conjunction with the December 31, 1996 audited financial statements and notes thereto included in the Simon Property Group, L.P. Annual Report on Form 10-K.

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

Properties which are wholly-owned or owned less than 100% and are controlled by the Simon Operating Partnership have been consolidated. The Simon Operating Partnership's equity interests in certain partnerships and joint ventures which represent noncontrolling 14.7% to 50.0% ownership interests and the investment in the Management Company are accounted for under the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss) and cash contributions and distributions.

Net operating results of the Simon Operating Partnership are allocated after preferred distributions, based on its partners' remaining ownership interests. The Company's remaining weighted average ownership interest in the Simon Operating Partnership for the three-month periods ended June 30, 1997 and 1996 was 60.8% and 61.1%, respectively. The Company's remaining weighted average ownership interest in the Simon Operating Partnership for the six-month periods ended June 30, 1997 and 1996 was 60.8% and 61.1%, respectively. The Company indirectly owned 60.8% of the Simon Operating Partnership as of June 30, 1997 and December 31, 1996.

Note 3 - Reclassifications

Certain reclassifications of prior period amounts have been made in the financial statements to conform to the 1997 presentation.

Note 4 -The Merger

On August 9, 1996, the Company acquired the national shopping center business of DRC for an aggregate value of $3.0 billion. The acquired portfolio consisted of 49 regional malls, 11 community centers and 1 mixed-use Property. These Properties included 47,052,267 square feet of retail gross leasable area ("GLA") and 558,636 of office GLA. The Merger was accounted for using the purchase method of accounting. Of these Properties, 40 regional malls, 10 community centers and the mixed-use Property are being accounted for using the consolidated method of accounting. The remaining Properties are being accounted for using the equity method of accounting, with the exception of one regional mall, which is accounted for using the cost method of accounting. As a result of the merger, the Simon Operating Partnership became a subsidiary of SDG, LP with 99% of the profits allocable to SDG, LP and 1% of the profits allocable to the Company. Cash flow allocable to the Company's 1% profit interest in SPG, LP is absorbed by public company costs and related expenses incurred by the Company.

It is currently expected that subsequent to the first anniversary of the date of the Merger, reorganizational transactions will be effected so that SDG, LP will directly own all of the assets and partnership interests now owned by the Simon Operating Partnership. In connection therewith, the Simon Operating Partnership transferred partnership interests in certain properties ranging from 1.0% to 49.5% in the form of a distribution to the partners of the Simon Operating Partnership, SDG, LP and the Company. The distribution of the partnership interests in the certain properties has been reflected for financial reporting purposes as of January 1, 1997. The distribution was determined based on the historical cost value of the partnership interests transferred, which aggregated $65,603. The interest in the properties now held directly by SDG, LP and the Company was $67,235 as of June 30, 1997, and is reflected as minority interest held by affiliates in the accompanying consolidated condensed balance sheets. Earnings related to these minority interests held by SDG, LP and the Company for the three-month and six-month periods ended June 30, 1997 were $7,262 and $5,360, respectively.

Note 5 - Cash Flow Information

Cash paid for interest, net of amounts capitalized, during the six months ended June 30, 1997 was $86,809, as compared to $75,908 for the same period in 1996. All accrued distributions had been paid as of June 30, 1997 and December 31, 1996.

Note 6 - Per Unit Data

Per unit data is based on the weighted average number of units of partnership interest in the Simon Operating Partnership ("Units") outstanding during the period. As used herein, the term Units does not include units of partnership interest entitled to preferential distribution of cash ("Preferred Units"). The weighted average number of units used in the computation for the three months ended June 30, 1997 and 1996 was 96,315,263 and 95,842,853, respectively. The weighted average number of Units used in the computation for the six months ended June 30, 1997 and 1996 was 96,315,263 and 95,753,829, respectively. Additionally, Preferred Units may be converted into common stock of the Company. The outstanding stock options and Preferred Units have not been included in the computations of per Unit data as they did not have a dilutive effect.

Note 7 - Investment in Unconsolidated Entities

Partnerships and Joint Ventures

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

BALANCE SHEETS	June 30, 1997	December 31, 1996
Assets:		
Investment properties at cost, net	$1,429,975	$1,328,600
Cash and cash equivalents	48,999	41,270
Tenant receivables	43,419	37,067
Other assets	38,348	54,981
Total assets	$1,560,741	$1,461,918
Liabilities and Partners' Equity:		
Mortgages and other indebtedness	$ 697,769	$ 569,433
Accounts payable, accrued expenses and other liabilities	102,095	161,552
Total liabilities	799,864	730,985
Partners' equity	760,877	730,933
Total liabilities and partners' equity	$1,560,741	$1,461,918
The Simon Operating Partnership's Share of:		
Total assets	$ 378,786	$ 340,449
Investment in partnerships and joint ventures, at equity	$ 150,708	$ 139,711
Cash distributions and losses in partnerships and joint ventures, at equity	(19,054)	(17,106)
Partners' equity	$ 131,654	$ 122,605

	For the three months ended June 30,		For the six months ended June 30,	
STATEMENTS OF OPERATIONS	1997	1996	1997	1996
Revenue:				
Minimum rent	$ 30,230	$ 25,876	$ 60,533	$ 53,840
Overage rent	321	927	1,190	1,689
Tenant reimbursements	13,697	13,380	27,697	27,448
Other income	2,970	1,653	4,305	6,422
Total revenue	47,218	41,836	93,725	89,399
Operating Expenses:				
Operating expenses and other	17,919	15,282	35,597	32,849
Depreciation and amortization	11,061	9,916	22,971	20,586
Total operating expenses	28,980	25,198	58,568	53,435
Operating Income	18,238	16,638	35,157	35,964
Interest Expense	9,899	6,287	19,325	14,134
Extraordinary Losses	324	-	1,182	-
Net Income	8,015	10,351	14,650	21,830
Third Party Investors' Share of Net Income	7,177	8,676	12,625	18,698
The Simon Operating Partnership's Share of Net Income	$ 838	$ 1,675	$ 2,025	$ 3,132

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

The Management Company

The Management Company, including its consolidated subsidiaries, provides management, leasing, development, accounting, legal, marketing and management information systems services to 33 non-wholly owned Properties, Melvin Simon & Associates, Inc., and certain other nonowned properties. Certain subsidiaries of the Management Company provide architectural, design, construction, insurance and other services primarily to certain of the Properties. The Management Company also invests in other businesses to provide other synergistic services to the Properties. The Simon Operating Partnership's share of consolidated net income of the Management Company, after intercompany profit eliminations, was $549 and $482 for the three-month periods ended June 30, 1997 and 1996, respectively, and was $1,136 and $853 for the six-month periods ended June 30, 1997 and 1996, respectively.

Note 8 - Debt

On January 31, 1997, the Simon Operating Partnership completed a refinancing transaction involving debt on four consolidated Properties. The transaction consisted of the payoff of one loan totaling $43,375, a restatement of the interest rate on the three remaining loans, the financing transaction which included the acquisition of the contingent interest feature on all four loans for $21,000, and $3,904 of principal reductions on two additional loans. This transaction, which was funded using the Credit Facility (as defined below), resulted in an extraordinary loss of $23,247, including the write-off of deferred mortgage costs of $2,247.

On April 14, 1997, the Simon Operating Partnership, as co-borrower with SDG, LP, obtained improvements to its unsecured revolving credit facility (the "Credit Facility"). The Credit Facility agreement was amended to reduce the interest rate from LIBOR plus 0.90% to LIBOR plus 0.75%. In addition, the Credit Facility's competitive bid feature, which can further reduce interest costs, was increased from $150,000 to $300,000.

On May 15, 1997, SDG, LP established a Medium-Term Note ("MTN") program. On June 24, 1997, SDG, LP completed the sale of $100,000 of notes under the MTN program. The notes sold bear interest at 7.125% and have a stated maturity of June 24, 2005. The net proceeds of approximately $99,000 from this sale were used primarily to pay down the Credit Facility. These notes are guaranteed by the Simon Operating Partnership.

Also on May 15, 1997, approximately $140,000 in existing debt on The Forum Shops at Caesar's was refinanced. The new debt consists of three classes of notes totaling $180,000, with $90,000 bearing interest at 7.125% and $90,000 bearing interest at LIBOR plus 0.30%, all of which mature on May 15, 2004. Approximately $40,000 of the borrowings were placed in escrow to pay for construction costs required in connection with the expansion of this project, which is scheduled to open on August 28, 1997. As of June 30, 1997, $28,539 remains in escrow, which is reflected in restricted cash in the accompanying consolidated condensed balance sheet.

On June 30, 1997, SDG, LP closed an unsecured loan which bears interest at LIBOR plus 0.75% and matures on September 29, 1998. The proceeds were advanced to SPG, LP and used to retire an existing $55,000 mortgage on East Towne Mall, which bore interest at LIBOR plus 1.125%.

At June 30, 1997, the Simon Operating Partnership had consolidated debt of $2,141,302, of which $1,368,093 was fixed-rate debt and $773,209 was variable-rate debt. As of June 30, 1997 and December 31, 1996, the Simon Operating Partnership had interest-rate protection agreements related to $289,374 and $306,879 principal amount of debt, respectively. The agreements are generally in effect until the related variable-rate debt matures. As a result of the various interest rate protection agreements, interest savings were $76 and $359 for the three months ended June 30, 1997 and 1996, respectively, and $306 and $812 for the six-month periods ended June 30, 1997 and 1996, respectively. The Simon Operating Partnership's pro rata share of indebtedness of the unconsolidated joint venture Properties as of June 30, 1997 and December 31, 1996 was $234,700 and $193,310, respectively.

Net advances due SDG, LP of $339,338 result primarily from debt and equity instruments issued by SDG, LP for which a portion of the proceeds were advanced to the Simon Operating Partnership to retire mortgages and other indebtedness and amounts under the Credit Facility. The Simon Operating Partnership has recognized interest costs based on the terms of the instruments issued by SDG, LP.

Note 9 - Partners' Equity

The following table summarizes the change in the Simon Operating Partnership's partners' equity since December 31, 1996.

	Preferred Units	General Partner	Special Limited Partner	Unamortized Restricted Stock Award	Total Partners' Equity
Balance at December 31, 1996	$ 99,923	$ 1,601	$158,458	$ (5,354)	$ 254,628
Amortization of stock incentive				1,042	1,042
Adjustment to allocate net equity of the Simon Operating Partnership		(5)	5		-
Net income	4,063	185	18,320		22,568
Distributions	(4,063)	(1,612)	(160,065)		(165,740)
Balance at June 30, 1997	$ 99,923	$ 169	$ 16,718	$ (4,312)	$ 112,498

Note 10 - Commitments and Contingencies

Litigation

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

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

Note 11 - Significant Subsequent Events

Series C Preferred Shares

On July 9, 1997 the Company sold 3,000,000 shares of 7.89% Series C Cumulative Step-Up Premium RateSM Preferred Stock (the "Series C Preferred Shares") in a public offering at $50.00 per share. Beginning October 1, 2012, the rate increases to 9.89% of the liquidation preference per annum. The Series C Preferred Shares are not redeemable prior to September 30, 2007. Beginning September 30, 2007, the Series C Preferred Shares may be redeemed at the option of the Company in whole or in part, at a redemption price of $50.00 per share, plus accrued and unpaid distributions, if any, thereon. The redemption price of the Series C Preferred Shares may only be paid from the sale proceeds of other capital stock of the Company, which may include other classes or series of preferred stock. Additionally, the Series C Preferred Shares have no stated maturity and are not subject to any mandatory redemption provisions, nor are they convertible into any other securities of the Company. The Company contributed the net proceeds of this offering of approximately $146,000 to SDG, LP in exchange for Preferred Units, the economic terms of which are substantially identical to the Series C Preferred Shares. SDG, LP used the proceeds to increase its ownership interest in West Town Mall, to pay down the Credit Facility and for general working capital purposes.

Debt Securities Offering

On July 17, 1997, SDG, LP completed a $250,000 public offering of two tranches of its seven-year and twelve-year non-convertible senior unsecured debt securities (the "Notes"). The first tranche was for $100,000 at 6 3/4% with a maturity of July 15, 2004. The second tranche was for $150,000 at 7% with a maturity of July 15, 2009. The Notes, which are guaranteed by SPG, LP, pay interest semi-annually, and contain covenants relating to minimum leverage, EBITDA and unencumbered EBITDA ratios. The Notes were issued under SDG, LP's $750,000 debt shelf registration.

Shelf Registration

On August 13, 1997, SDG, LP filed a shelf registration statement with the SEC to provide for the offering, from time to time, of up to $1,000,000 aggregate public offering price of unsecured debt securities of SDG, LP. The net proceeds of such offerings may be used to fund acquisition or development activity, retire existing debt or for any other purpose deemed appropriate by SDG, LP. Any securities issued under this registration would be guaranteed by SPG, LP, although management has no immediate plans to issue securities under the program.

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

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

Overview

The financial results reported subsequent to August 9, 1996 reflect the Merger of the Company and DRC, in accordance with the purchase method of accounting utilized to record the transaction, valued at approximately $3.0 billion. The Merger resulted in the addition of 49 regional malls, 11 community centers and 1 mixed-use Property. These Properties included 47,052,267 square feet of retail space GLA and 558,636 of office GLA. Of these Properties, 40 regional malls, 10 community centers and the mixed-use Property are being accounted for using the consolidated method of accounting. The remaining Properties are being accounted for using the equity method of accounting, with the exception of one regional mall, which is accounted for using the cost method of accounting.

In addition, the Operating Partnership acquired additional interest in two regional malls and opened one regional mall during the comparative periods (the "Property Transactions"). The following is a description of such transactions. On April 11, 1996, the Operating Partnership acquired the remaining 50% economic ownership interest in Ross Park Mall in Pittsburgh, Pennsylvania, and subsequently began accounting for the Property using the consolidated method of accounting. On July 31, 1996, the Operating Partnership opened Cottonwood Mall in Albuquerque, New Mexico. The Operating Partnership owns 100% of this regional mall and accounts for it using the consolidated method of accounting. On October 4, 1996, the Operating Partnership acquired the remaining interest in North East Mall and subsequently began accounting for the Property using the consolidated method of accounting.

Results of Operations

For the Three Months Ended June 30, 1997 vs. the Three Months Ended June 30, 1996

Total revenue increased $101.3 million or 70.5% for the three months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily the result of the Merger ($91.9 million) and the Property Transactions ($7.5 million). Excluding these transactions, total revenues increased $1.8 million, which includes a $1.6 million increase in minimum rent, a $0.9 million increase in overage rent, and a $1.1 million increase in tenant reimbursements, partially offset by a $1.8 million decrease in other income. The $1.6 million increase in minimum rents results from increased occupancy levels and the replacement of expiring tenant leases with renewal leases at higher minimum base rents. The $1.8 million decrease in other income is primarily the result of an adjustment recorded in the prior year to reflect the collectability of notes receivable ($2.0 million).

Total operating expenses increased $49.9 million, or 61.8%, for the three months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily the result of the Merger ($48.3 million) and the Property Transactions ($3.6 million).

Interest expense increased $26.5 million, or 65.3% for the three months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily as a result of the Merger ($25.7 million) and the Property Transactions ($1.6 million).

Net income was $46.9 million for the three months ended June 30, 1997, as compared to $24.0 million for the same period in 1996, reflecting an increase of $23.0 million, for the reasons discussed above, and was allocated to the Company based on the Units and Preferred Units owned by the Company during the period, and to the remaining Unitholders based upon their respective ownership interests.

The Preferred Unit requirement increased by $4.4 million to $6.4 million in 1997 as a result of the Company's issuance of $200 million of 8 3/4% Series B cumulative redeemable preferred stock on September 27, 1996. The proceeds of which were contributed to the Operating Partnership in exchange for Preferred Units with economic terms substantially identical to the Series B Cumulative redeemable preferred stock issued by the Company.

For the Six Months Ended June 30, 1997 vs. the Six Months Ended June 30, 1996

Total revenue increased $204.3 million or 72.1% for the six months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily the result of the Merger ($185.8 million) and the Property Transactions ($18.7 million). Excluding these transactions, total revenues decreased $0.3 million, which includes a $3.3 million increase in minimum rent, a $0.7 million increase in overage rent, and a $1.7 million increase in tenant reimbursements, partially offset by a $6.0 million decrease in other income. The $3.3 million increase in minimum rents results from increased occupancy levels, the replacement of expiring tenant leases with renewal leases at higher minimum base rents, and a $1.3 million increase in rents from tenants operating under license agreements. The $6.0 million decrease in other income is primarily the result of an adjustment recorded in the prior year to reflect the collectability of notes receivable ($2.0 million) and decreases in lease settlement income ($2.2 million) and interest income ($1.7 million).

Total operating expenses increased $102.2 million, or 64.3%, for the six months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily the result of the Merger ($96.0 million) and the Property Transactions ($9.7 million).

Interest expense increased $55.9 million, or 70.6% for the six months ended June 30, 1997, as compared to the same period in 1996. This increase is primarily as a result of the Merger ($51.7 million) and the Property Transactions ($5.7 million).

The $24.7 million loss from extraordinary items in 1997 is the result of the acquisition of the contingent interest feature on four loans for $21.0 million and write-off of mortgage costs associated with early extinguishments of debt.

Net income was $66.8 million for the six months ended June 30, 1997, as compared to $47.5 million for the same period in 1996, reflecting an increase of $19.2 million, for the reasons discussed above, and was allocated to the Company based on the Units and Preferred Units owned by the Company during the period, and to the remaining Unitholders based upon their respective ownership interests.

The Preferred Unit distributions increased by $8.8 million to $12.8 million in 1997 as a result of the Company's issuance of $200 million of 8 3/4% Series B cumulative redeemable preferred stock on September 27, 1996. The proceeds of which were contributed to the Operating Partnership in exchange for Preferred Units with economic terms substantially identical to the Series B Cumulative redeemable preferred stock issued by the Company.

Liquidity and Capital Resources

As of June 30, 1997, the Operating Partnership's balance of unrestricted cash and cash equivalents was $44.9 million. In addition to its cash balance, the Operating Partnership has a $750 million Credit Facility with approximately $379 million available after outstanding borrowings and letters of credit. Subsequent to June 30, 1997, net reductions of $180 million have been made to the Credit Facility, including paydowns from the net proceeds of the Series C Preferred Shares offering, which were contributed by the Company in exchange for preferred units, and from the net proceeds of the Notes offering, partially offset by a borrowing to finance the acquisition of Dadeland Mall (See below). Consequently, as of August 11, 1997, the amount of borrowing availability under the Credit Facility was approximately $559 million. The Company and the Operating Partnership also have access to public and private equity and debt markets.

Acquisitions. On June 16, 1997, the Operating Partnership purchased 1,408,450 shares of common stock of Chelsea GCA Realty, Inc. ("Chelsea"), a publicly traded REIT, for approximately $50 million using borrowings from the Credit Facility. The shares purchased represent approximately 9.2% of Chelsea's outstanding common stock. In addition, the Operating Partnership and Chelsea announced that they have formed a strategic alliance to develop and acquire manufacturer's outlet shopping centers with 500,000 square feet or more of GLA in the United States.

On July 10, 1997, the Operating Partnership acquired a 48% interest in West Town Mall in Knoxville, Tennessee for $69.9 million. This transaction increased the Operating Partnership's ownership of West Town Mall to 50%.

Effective July 10, 1997, the property is being accounted for using the equity method of accounting. It was previously accounted for using the cost method.

On August 8, 1997, an affiliate of the Operating Partnership acquired a 50% interest in a trust that owns Dadeland Mall, a 1.4 million square foot super-regional mall in Miami, Florida. Dadeland Mall is a dominant mall in its trade area with small shop sales of $649 per square foot in 1996 and leased and committed occupancy of 94%. A portion of the purchase price was paid in the form of 658,707 shares of the Company's common stock. The remaining portion of the purchase price was financed using borrowings from the Credit Facility. This joint venture will be accounted for using the equity method of accounting.

Financing and Debt. The Operating Partnership's ratio of consolidated debt-to-market capitalization was 42.2% at June 30, 1997.

At June 30, 1997, the Operating Partnership had consolidated debt of $3,929 million, of which $2,938 million was fixed-rate debt and $991 million was variable-rate debt. The Operating Partnership's pro rata share of indebtedness of the unconsolidated joint venture Properties as of June 30, 1997 and December 31, 1996 was $499 million and $448 million, respectively. As of June 30, 1997 and December 31, 1996, the Operating Partnership had interest-rate protection agreements related to $477 million and $525 million of its pro rata share of indebtedness, respectively. The agreements are generally in effect until the related variable-rate debt matures.

On April 14, 1997, the Operating Partnership obtained improvements to its Credit Facility. The Credit Facility agreement was amended to reduce the interest rate from LIBOR plus 0.90% to LIBOR plus 0.75%. In addition, the Credit Facility's competitive bid feature, which has further reduced interest costs, was increased from $150 million to $300 million.

On May 15, 1997, the Operating Partnership established a Medium-Term Note ("MTN") program. On June 24, 1997, the Operating Partnership completed the sale of $100 million of notes under the MTN program. The notes sold bear interest at 7.125% and have a stated maturity of June 24, 2005. The net proceeds of this sale were used primarily to pay down the Credit Facility.

Additionally, on May 15, 1997, the Operating Partnership refinanced approximately $140 million in existing debt on The Forum Shops at Caesar's. The new debt consists of three classes of notes totaling $180 million, with $90 million bearing interest at 7.125% and the other $90 million bearing interest at LIBOR plus 0.3 %, all of which will mature on May 15, 2004. Approximately $40 million of the borrowings were placed in escrow to pay for construction costs required in connection with the development of the expansion of this project, which is scheduled to open on August 28, 1997. As of June 30, 1997, $28.5 million remains in escrow.

On June 5, 1997, the Operating Partnership closed a $115 million construction loan for The Shops at Sunset Place. The loan initially bears interest at LIBOR plus 1.25% and matures on June 30, 2000, with two one-year extensions available.

On June 30, 1997, the Operating Partnership closed an unsecured loan which bears interest at LIBOR plus 0.75% and matures on September 29, 1998. The proceeds were used to retire an existing $55 million mortgage on East Towne Mall, which bore interest at LIBOR plus 1.125%.

On July 9, 1997 the Company sold 3,000,000 shares of 7.89% Series C Cumulative Step-Up Premium RateSM Preferred Stock (the "Series C Preferred Shares") in a public offering at $50.00 per share. Beginning October 1, 2012, the rate increases to 9.89% of the liquidation preference per annum. The Series C Preferred Shares are not redeemable prior to September 30, 2007. Beginning September 30, 2007, the Series C Preferred Shares may be redeemed at the option of the Company in whole or in part, at a redemption price of $50.00 per share, plus accrued and unpaid distributions, if any, thereon. The redemption price of the Series C Preferred Shares may only be paid from the sale proceeds of other capital stock of the Company, which may include other classes or series of preferred stock. Additionally, the Series C Preferred Share have no stated maturity and are not subject to any mandatory redemption provisions, nor are they convertible into any other securities of the Company. The Company contributed the net proceeds of this offering of approximately $146 million to the Operating Partnership in exchange for preferred units, the economic terms of which are substantially identical to the Series C Preferred Shares. The Operating Partnership used the net proceeds for the purchase of additional ownership interest in West Town Mall, to pay down the Credit Facility and for general working capital purposes.

On July 17, 1997, the Operating Partnership completed a $250 million public offering, of two tranches of its seven-year and twelve-year non-convertible senior unsecured debt securities (the "Notes"). The first tranche was for $100 million at 6 3/4% with a maturity of July 15, 2004. The second tranche was for $150 million at 7% with a maturity of July 15, 2009. The Notes pay interest semi-annually, are guaranteed by SPG, LP, and contain covenants relating to minimum leverage, EBITDA and unencumbered EBITDA ratios. The Notes were issued under the Operating Partnership's $750 million debt shelf registration. Up to $150 million in additional debt securities may currently be issued under this registration, however the Operating Partnership is in the process of amending this registration to increase its capacity to $180 million..

In addition, on August 13, 1997, the Operating Partnership filed a shelf registration statement with the SEC to provide for the offering, from time to time, of up to $1 billion aggregate public offering price of unsecured debt securities of the Operating Partnership. The net proceeds of such offerings may be used to fund acquisition or development activity, retire existing debt or for any other purpose deemed appropriate by the Operating Partnership. Any securities issued under this registration would be guaranteed by SPG, LP, although management has no immediate plans to issue securities under the program.

Development, Expansions and Renovations. The Operating Partnership is involved in several development, expansion and renovation efforts.

In March 1997, the Operating Partnership opened Indian River Commons, a 265,000 square foot community shopping center in Vero Beach, Florida. This 50%-owned joint venture is accounted for using the equity method of accounting.

Construction also continues on the following development projects: The Source, an approximately $150 million value-oriented retail and entertainment development project containing 730,000 square feet of GLA, is expected to open in September 1997 in Westbury (Long Island), New York. Arizona Mills, an approximately $190 million retail development project containing 1.2 million square feet of GLA, is expected to open in November 1997 in Tempe, Arizona. Grapevine Mills, an approximately $200 million retail development project containing approximately 1.4 million square feet of GLA, is expected to open in October 1997 in Grapevine (Dallas/Fort Worth), Texas. The Shops at Sunset Place, an approximately $150 million destination-oriented retail and entertainment project containing approximately 500,000 square feet of GLA, is scheduled to open in 1998 in South Miami, Florida.

In addition, the Operating Partnership has begun construction on two new community center projects at an aggregate cost of approximately $50 million. Muncie Plaza, a wholly-owned project, is scheduled to open in April of 1998 in Muncie, Indiana. Lakeline Plaza, a 50%-owned joint venture project, is scheduled to open in two phases in May and November of 1998 in Austin, Texas. Each of these projects is immediately adjacent to existing regional mall Properties.

A key objective of the Operating Partnership is to increase the profitability and market share of its Properties through the completion of strategic renovations and expansions. The Operating Partnership currently has a number of expansion projects under construction and in the preconstruction development stage. The Operating Partnership's share of the projected costs to fund these projects for the year 1997 is approximately $300 million. It is anticipated that the cost of these projects will be financed principally with the Credit Facility, project-specific indebtedness, access to debt and equity markets, and cash flows from operations. Included in investment properties at June 30, 1997 is $213.5 million of construction in progress.

Distributions. During the first quarter of 1997, the Operating Partnership paid a distribution of $0.4925 per Unit to Unitholders of record on February 7, 1997. On each of May 6, 1997 and July 28, 1997, the Operating Partnership declared distributions of $0.505 per Unit, an increase of $.0125 per Unit over the previous distributions. Future distributions will be determined based on actual results of operations and cash available for distribution. In addition, Preferred Unit distributions of $1.0156 per Series A Preferred Unit and $1.0938 per Series B Preferred Unit were paid during the first six months of 1997.

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

Management continues to actively review and evaluate a number of individual property and portfolio acquisition opportunities. Management believes that funds on hand, amounts available under the Credit Facility, and securities which may be issued under existing debt and equity shelf registrations are sufficient to finance likely acquisitions. No assurance can be given that the Operating Partnership will not be required to, or will not elect to, even if not required to, obtain funds from outside sources, including through the sale of debt or equity securities, to finance significant acquisitions, if any.

Investing and Financing Activities

Cash flows from investing activities for the six months ended June 30, 1997 included, $142.3 million of capital expenditures, which included construction costs of $35.6 million, including $15.0 million at The Shops at Sunset Place and $9.2 million for the acquisition of the land for the construction of North East Plaza. Also included in capital expenditures is renovation and expansion costs of approximately $81.4 million and tenant costs and other operational capital expenditures of approximately $25.3 million. The $27.3 million net increase in restricted cash relates primarily to an escrow for costs associated with the expansion of Forum. In addition, investments in and advances to unconsolidated entities of $39.9 million included $14.8 million, $14.0 million and $6.2 million to the Management Company, Grapevine Mills and The Source, respectively. Other investments includes $50 million for the purchase of Chelsea stock and $5.4 million to purchase bonds.

Cash flows from financing activities for the six months ended June 30, 1997 included distributions of $170.6 million, net borrowings of $241.2 million primarily used to fund development and other investment activity, and $21.0 million for the acquisition of a contingent interest feature on four mortgage loans.

EBITDA_Earnings from Operating Results before Interest, Taxes, Depreciation and Amortization

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

Total EBITDA for the Properties increased from $232.0 million for the six months ended June 30, 1996 to $419.2 million for the same period in 1997, representing a growth rate of 80.7%. This increase is primarily attributable to the Merger ($177.0 million) and the Properties opened during 1996 and 1997 ($19.9 million). During this period, operating profit margin increased from 62.3% to 64.1%.

FFO-Funds from Operations

FFO, as defined by the National Association of Real Estate Investment Trusts ("NAREIT"), means the consolidated net income of the Operating Partnership and its subsidiaries without giving effect to depreciation and amortization, gains or losses from extraordinary items, gains or losses on sales of real estate, gains or losses on investments in marketable securities and any provision/benefit for income taxes for such period, plus the allocable portion, based on the Operating Partnership's ownership interest, of funds from operations of unconsolidated joint ventures, all determined on a consistent basis in accordance with generally accepted accounting principles. Management believes that FFO is an important and widely used measure of the operating performance of REITs which provides a relevant basis for comparison among REITs. FFO is presented to assist investors in analyzing the performance. FFO: (i) does not represent cash flow from operations as defined by generally accepted accounting principles; (ii) should not be considered as an alternative to net income as a measure of operating performance or to cash flows from operating, investing and financing activities; and (iii) is not an alternative to cash flows as a measure of liquidity.

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

(In thousands)	For the Three Months Ended June 30, 1997	1996	For the Six Months Ended June 30, 1997	1996
FFO of the Operating Partnership	$ 93,285	$ 50,532	$181,224	$ 99,212
Reconciliation:				
Income of the Operating Partnership before extraordinary items	$ 48,413	$ 23,968	$ 91,475	$ 47,800
Plus:				
Depreciation and amortization from consolidated Properties	43,774	26,501	87,086	51,038
The Operating Partnership's share of depreciation, and amortization from unconsolidated affiliates	9,152	2,918	18,010	5,950
Less:				
Gain on the sale of real estate	17	N/A	(20)	N/A
Minority interest portion of depreciation, amortization and extraordinary items	(1,664)	(824)	(2,514)	(1,514)
Preferred dividends	(6,407)	(2,031)	(12,813)	(4,062)
FFO of the Operating Partnership	$ 93,285	$ 50,532	$181,224	$ 99,212

Portfolio Data

Operating statistics give effect to the Merger and are based upon the business and Properties of the Operating Partnership and DRC on a combined basis for all periods presented. The purpose of this presentation is to provide a more comparable set of statistics on the portfolio as a whole. The following statistics exclude Ontario Mills and Charles Towne Square. Ontario Mills is a new value-oriented super-regional mall which management believes is not comparable to the remaining Properties. The Operating Partnership intends to create a separate reporting category for its Mills Properties in 1997, following the expected openings of Grapevine Mills and Arizona Mills. The Operating Partnership is converting Charles Towne Square into a community center.

Aggregate Tenant Sales Volume. For the six months ended June 30, 1997 compared to the same period in 1996, total reported retail sales for mall and freestanding stores at the regional malls for GLA owned by the Operating Partnership ("Owned GLA") increased 4.2% from $2,785 million to $2,902 million. Total reported sales for all stores at the community shopping centers for Owned GLA decreased 2.4% from $668 million to $652 million. Retail sales at Owned GLA affect revenue and profitability levels because they determine the amount of minimum rent that can be charged, the percentage rent realized, and the recoverable expenses (common area maintenance, real estate taxes, etc.) the tenants can afford to pay.

Occupancy Levels. Occupancy levels for regional malls increased 1.8% to 85.2% at June 30, 1997 as compared to 83.4% at June 30, 1996 . Occupancy levels for community shopping centers increased from 91.8% at June 30, 1996 to 92.4% at June 30, 1997. Total GLA has increased 3.9 million square feet from June 30, 1996 to June 30, 1997, primarily as a result of the July 1996 opening of Cottonwood Mall, the November 1996 openings of Ontario Mills, the Tower Shops and Indian River Mall, and the March 1997 opening of Indian River Commons, partially offset by the March 1997 sale of Bristol Plaza.

Average Base Rents. Average base rents per square foot of mall and freestanding stores at regional mall Owned GLA increased 3.8%, from $20.18 at June 30, 1996 to $20.94 as of June 30, 1997. In community shopping centers, average base rents per square foot of Owned GLA increased 4.2%, from $7.44 to $7.75 during this same period.

Inflation

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

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

Other

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

Part II - Other Information

Item 1: Legal Proceedings

None.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

None.

(b) Reports on Form 8-K

One Form 8-K was filed during the current period.

On May 16, 1997 under Item 5 - Other Events, the Operating Partnership reported that it established a program for the issuance from time to time of up to $300 million aggregate principal amount of Medium Term Notes, and reported certain details regarding the program. In addition, under Item 7, the Operating Partnership provided as exhibits, certain documents relating to the establishment of the program.

SIGNATURES

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

SIMON DEBARTOLO GROUP, L.P.
By: SIMON DEBARTOLO GROUP, Inc.
General Partner

Date: August 14, 1997

/s/ Stephen E. Sterrett,

Senior Vice President and Treasurer
(Principal Financial Officer)

Date: August 14, 1997

/s/ John Dahl,

Senior Vice President and
Chief Accounting Officer
(Principal Accounting Officer)

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This schedule contains summary financial information extracted from SEC Form 10-Q and is qualified in its entirety by reference to such financial statements.

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6-MOS
DEC-31-1997
JUN-30-1997
44,946
0
165,375
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358,928
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91,475
91,475
0
(24,714)
0
66,761
0.34
0.34

Receivables are stated net of allowances and also include accrued revenues.
The Registrant does not report using a classified balance sheet.