SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1999

| SIMON PROPERTY GROUP, INC. | SPG REALTY CONSULTANTS, INC. |
|---|---|
| (Exact name of registrant as specified in its charter) | (Exact name of registrant as specified in its charter) |
| Delaware | Delaware |
| (State of incorporation) | (State of incorporation) |
| 001-14469 | 001-14469-01 |
| (Commission File No.) | (Commission File No.) |
| 046268599 | 13-2838638 |
| (I.R.S. Employer Identification No.) | (I.R.S. Employer Identification No.) |
| National City Center<br>115 West Washington Street, Suite 15 East<br>Indianapolis, Indiana 46204 | National City Center<br>115 West Washington Street, Suite 15 East<br>Indianapolis, Indiana 46204 |
| (Address of principal executive offices) | (Address of principal executive offices) |
| (317) 636-1600 | (317) 636-1600 |
| (Registrant's telephone number, including area code) | (Registrant's telephone number, including area code) |

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

| Title of each class | Name of each exchange on which registered |
|---|---|
| Common stock, $0.0001 par value of Simon Property Group, Inc. paired with 1/100th of a beneficial interest in shares of common stock, par value $.0001 per share, of SPG Realty Consultants, Inc. | New York Stock Exchange |
| 6.5% Series B Convertible Preferred Stock, $.0001 par value | New York Stock Exchange |

Securities registered pursuant to Section 12 (g) of the Act: None

Indicate by check mark whether the Registrants (1) have 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 Registrants were required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] NO [_]

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

The aggregate market value of shares of common stock held by non-affiliates of the Registrants was approximately $4,141 million based on the closing market price on the New York Stock Exchange for such stock on January 31, 2000. As of March 16, 2000, Simon Property Group, Inc. had 169,998,168; 3,200,000 and 4,000 shares of common stock, Class B common stock and Class C common stock outstanding, respectively, which were paired with 1,732,022 shares of common stock, par value $0.0001 per share, of SPG Realty Consultants, Inc. outstanding on that same date.

Documents Incorporated By Reference

Portions of the Registrants' Annual Report to Shareholders are incorporated by reference into Parts I, II and IV and portions of the Registrants' Proxy Statements in connection with their Annual Meetings of Shareholders to be held on May 10, 2000 are incorporated by reference in Part III.

SIMON PROPERTY GROUP, INC. AND
SPG REALTY CONSULTANTS, INC.
Annual Report on Form 10-K
December 31, 1999

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Part I

Item 1. Business

Background

Simon Property Group, Inc. ("SPG"), a Delaware corporation, is a self-administered and self-managed, real estate investment trust ("REIT"). Each share of common stock of SPG is paired ("Paired Shares") with a beneficial interest in 1/100th of a share of common stock of SPG Realty Consultants, Inc., also a Delaware corporation ("SRC" and together with SPG, the "Companies").

Simon Property Group, L.P. (the "SPG Operating Partnership"), formerly known as Simon DeBartolo Group, L.P., is the primary subsidiary of SPG. Units of ownership interest ("Units") in the SPG Operating Partnership are paired with a Unit in SPG Realty Consultants, L.P. (the "SRC Operating Partnership" and together with the SPG Operating Partnership, the "Operating Partnerships"). The SRC Operating Partnership is the primary subsidiary of SRC. The Companies together with the Operating Partnerships are hereafter referred to as "Simon Group", which prior to the CPI Merger (see below) refers to Simon DeBartolo Group, Inc. and the SPG Operating Partnership. At December 31, 1999, the Companies' direct and indirect ownership interests in the Operating Partnerships totaled 72.4%.

Mergers and Acquisitions

Mergers and acquisitions have been a significant component of the growth and development of Simon Group's business. Beginning with the $3.0 billion acquisition, through merger, of DeBartolo Realty Corporation ("DRC") in August of 1996 (the "DRC Merger"), Simon Group has completed five major mergers and/or acquisitions that have helped shape the current organization. During 1997, Simon Group completed the acquisition of Retail Property Trust, along with its operating partnership, Shopping Center Associates, for approximately $1.3 billion. In February of 1998, Simon Group acquired a 50% ownership interest in a portfolio of fourteen properties for approximately $0.5 billion. In September of 1998, Simon Group completed the acquisition, through merger, of Corporate Property Investors, Inc. ("CPI"), and Corporate Realty Consultants, Inc. for approximately $5.9 billion (the "CPI Merger"). And most recently, the NED Acquisition was completed in 1999, for approximately $1.8 billion, as described below.

The NED Acquisition. During 1999, Simon Group acquired ownership interests in 14 regional malls from New England Development Company (the "NED Acquisition"). Simon Group acquired one of the properties directly and formed a joint venture with three partners ("Mayflower"), of which Simon Group owns 49.1%, to acquire interests in the remaining properties. The total costs of the NED Acquisition is approximately $1.8 billion, of which Simon Group's share is approximately $894 million. Simon Group assumed management responsibilities for the portfolio, which includes approximately 10.7 million square feet of GLA. Simon Group's share of the cost of the NED Acquisition included the assumption of approximately $530 million of mortgage indebtedness; $177 million in cash; and the issuance of approximately $187 million of common and preferred equity in the Operating Partnerships.

In addition to the NED Acquisition, Simon Group acquired the remaining ownership interests in four existing Properties as well as 50% of the economic benefits of Mall of America in Minneapolis, Minnesota in 1999 at a combined cost of approximately $318 million.

Description of the Business

SPG, primarily through the SPG Operating Partnership, is engaged in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1999, SPG and the SPG Operating Partnership owned or held an interest in 259 income-producing properties in the United States, which consisted of 168 regional malls, 78 community shopping centers, four specialty retail centers, five office and mixed-use properties and four value-oriented super-regional malls in 36 states (the "Properties") and five additional retail real estate properties operating in Europe. The SPG Operating Partnership also owned an interest in two properties currently under construction and 11 parcels of land held for future development, which together with the Properties are hereafter referred to as the "Portfolio" or the "Portfolio Properties". The SPG Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"). The

Management Company manages certain of the Properties and certain other retail real estate properties not owned by Simon Group, and also engages in property development activities.

SRC, primarily through the SRC Operating Partnership, engages primarily in activities that capitalize on the resources, customer base and operating activities of SPG, which could not be engaged in by SPG without potentially impacting its status as a REIT. As of December 31, 1999, these activities included several new e-commerce initiatives described under the caption "Operating Strategies". In addition, effective January 1, 2000, SRC formed Simon Brand Ventures, LLC ("SBV") to continue and expand upon the mall marketing initiatives program established in 1997 by Simon Group to take advantage of its size and tenant relationships, primarily through strategic corporate alliances. SRC also has interests in two joint ventures which own land held for sale, which are located adjacent to Properties in the Portfolio, and an investment in piiq.com, an aggregator of internet retailers.

General

During 1999, regional malls (including specialty retail centers and retail space in the mixed-use Properties), community centers and the remaining Portfolio comprised 91.5%, 5.1%, and 3.4%, respectively of combined consolidated rent revenues and tenant reimbursements. The Properties contain an aggregate of approximately 184.6 million square feet of GLA, of which 110.6 million square feet is owned by Simon Group ("Owned GLA"). More than 4,400 different retailers occupy more than 20,200 stores in the Properties. Total estimated retail sales at the Properties in 1999 were approximately $38 billion.

SPG and certain of its subsidiaries are taxed as REITs under sections 856 through 860 of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable Treasury regulations relating to REIT qualification. SPG is self-administered and self-managed and does not engage or pay a REIT advisor. SPG provides management, development, leasing, accounting, finance and legal, design and construction expertise through its own personnel or, where appropriate, through outside professionals.

Operating Strategies

Simon Group's primary business objectives are to increase cash generated from operations per Paired Share and the value of the Portfolio Properties. Simon Group plans to achieve these objectives through a variety of methods discussed below, although no assurance can be made that such objectives will be achieved.

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

Management. Drawing upon the expertise gained through management of a geographically diverse Portfolio nationally recognized as high quality retail and mixed-use Properties, Simon Group seeks to maximize cash flow through a combination of an active merchandising program to maintain its shopping centers as inviting shopping destinations, continuation of its successful efforts to minimize overhead and operating costs, coordinated marketing and promotional activities directed towards establishing and maintaining customer loyalty, and systematic planning and monitoring of results.

E-Commerce. Simon Group is actively developing several unique programs designed to take advantage of new retail opportunities of the digital age. Elements of the strategy include digitizing the existing assets of the Properties by implementing internet web sites for each of the Properties, creating products that leverage the digitalization of consumers and Simon merchants through an enhanced broadband network called TenantConnect.net and incubating concepts that leverage the physical and virtual worlds through a venture creation subsidiary called clixnmortar.com.

Acquisitions. Simon Group intends to selectively acquire individual properties and portfolios of properties that meet its investment criteria as opportunities arise. Management believes, however, that due to the rapid consolidation of the regional mall business, coupled with the current status of the capital markets, that acquisition activity in the near term will be a less significant component of the Companies' growth strategy.

Development. Simon Group's strategy is to selectively develop new properties in major metropolitan areas that exhibit strong population and economic growth. During 1999, Simon Group opened one new regional mall, one specialty center, one value-oriented super-regional mall and three new community shopping centers. These additions added approximately 4.9 million square feet of GLA to the Portfolio at a cost to Simon Group of approximately $505 million. Simon Group also has two additional projects under construction, which are scheduled to open in 2000.

Strategic Expansions and Renovations. A key objective of Simon Group is to increase the profitability and market share of the Properties through the completion of strategic renovations and expansions. During 1999, Simon Group invested approximately $277 million on redevelopment projects and completed four major redevelopment projects. Simon Group has a number of renovation and/or expansion projects currently under construction, or in preconstruction development.

Simon Group also has direct or indirect interests in twelve parcels of land being held for future development in eight states totaling approximately 866 acres. Management believes Simon Group is well positioned to pursue future development opportunities as conditions warrant.

International Expansion. Simon Group's management believes the expertise it has gained through the development and management of its domestic Portfolio can be utilized in retail properties throughout the world. Simon Group intends to continue pursuing international opportunities on a selected basis to enhance the value of its Paired Shares.

Competition

Simon Group believes that it has a competitive advantage in the retail real estate business as a result of (i) its use of innovative retailing concepts, (ii) its management and operational expertise, (iii) its extensive experience and relationship with retailers and lenders, (iv) the size, quality and diversity of its Properties and (v) the mall marketing initiatives of SBV, which Simon Group believes is the world's largest and most sophisticated mall marketing initiative. Management believes that the Properties are the largest, as measured by GLA, of any publicly traded REIT, with more regional malls than any other publicly traded REIT. For these reasons, management believes Simon Group to be the leader in the industry.

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

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

Environmental Matters

General Compliance. Management believes that the Portfolio Properties are in compliance, in all material respects, with all Federal, state and local environmental laws, ordinances and regulations regarding hazardous or toxic substances (see Item 3. Legal Proceedings). Nearly all of the Portfolio Properties have been subjected to Phase I or similar environmental audits (which generally involve only a review of records and visual inspection of the property without soil sampling or ground water analysis) by independent environmental consultants. The Phase I environmental audits are intended to discover information regarding, and to evaluate the environmental condition of, the surveyed properties and surrounding properties. The environmental audits have not revealed, nor is management aware of, any environmental liability that management believes will have a material adverse effect on Simon Group. No assurance can be given that existing environmental studies with respect to the Portfolio Properties reveal all potential environmental liabilities; that any previous owner, occupant or tenant of a Portfolio Property did not create any material environmental condition not known to management; that the current environmental condition of the Portfolio Properties will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that future uses or condition (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in imposition of additional environmental liability.

Asbestos-Containing Materials. Asbestos-containing materials are present in most of the Properties, primarily in the form of vinyl asbestos tile, mastics and roofing materials, which are generally in good condition. Fireproofing and insulation containing asbestos is also present in certain Properties in limited concentrations or in limited areas. The presence of such asbestos-containing materials does not violate currently applicable laws. Simon Group will remove asbestos-containing materials in the ordinary course of any renovation, reconstruction and expansion, and in connection with the retenanting of space.

Underground Storage Tanks. Several of the Portfolio Properties contain or at one time contained, underground storage tanks used to store waste oils or other petroleum products primarily related to auto services center establishments or emergency electrical generation equipment. All regulated tanks have been removed, upgraded or abandoned in place in accordance with applicable environmental laws. Site assessments have revealed certain soil and groundwater contamination associated with such tanks at some of these Properties. Subsurface investigations (Phase II assessments) and remediation activities are either ongoing or scheduled to be conducted at such Properties. The cost of remediation with respect to such matters has not been and is not expected to be material.

Properties to be Developed or Acquired. Land held for shopping mall development or that may be acquired for development may contain residues or debris associated with the use of the land by prior owners or third parties. In certain instances, such residues or debris could be or contain hazardous wastes or hazardous substances. Prior to exercising any option to acquire any of the optioned properties, Simon Group will conduct environmental due diligence consistent with past practice.

Employees

Simon Group and its affiliates employ approximately 5,840 persons at various centers and offices throughout the United States, of which 2,940 are part-time. Approximately 1,000 employees are located at Simon Group's headquarters in Indianapolis, Indiana.

Insurance

Simon Group has comprehensive liability, fire, flood, extended coverage and rental loss insurance with respect to its Properties. Management believes that such insurance provides adequate coverage.

Corporate Headquarters

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

Executive Officers of the Registrants

The following table sets forth certain information with respect to the executive officers of the Companies as of December 31, 1999.

| Name | Age | Position |
|---|---|---|
| Melvin Simon (1) | 73 | Co-Chairman |
| Herbert Simon (1) | 65 | Co-Chairman |
| David Simon (1) | 38 | Chief Executive Officer |
| Hans C. Mautner | 61 | Vice Chairman; Chairman, Simon Global Limited |
| Richard S. Sokolov | 50 | President and Chief Operating Officer |
| Randolph L. Foxworthy | 55 | Executive Vice President - Corporate Development |
| William J. Garvey | 60 | Executive Vice President - Property Development |
| James A. Napoli | 53 | Executive Vice President - Leasing |
| John R. Neutzling | 47 | Executive Vice President - Property Management |
| James M. Barkley | 48 | General Counsel; Secretary |
| Stephen E. Sterrett | 44 | Treasurer |
| John Rulli | 43 | Senior Vice President - Human Resources & Corporate Operations |
| James R. Giuliano, III | 42 | Senior Vice President |
| Karen D. Corsaro | 42 | President, Simon Brand Ventures; Senior Vice President of Marketing |
| Melanie Alshab | 36 | President, clixnmortar.com; Senior Vice President & Chief Information Officer |

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

Set forth below is a summary of the business experience of the executive officers of the Companies. The executive officers of the Companies serve at the pleasure of the Board of Directors and have served SPG's predecessor since its formation in 1993, with the exception of Mr. Mautner, who has held his office since the CPI Merger and Mr. Sokolov, Mr.

Giuliano and Ms. Alshab, who have held their offices since the DRC Merger. For biographical information of Melvin Simon, Herbert Simon, David Simon, Hans C. Mautner, and Richard Sokolov, see Item 10 of this report.

Mr. Foxworthy is the Executive Vice President - Corporate Development of the Companies. Mr. Foxworthy joined Melvin Simon & Associates, Inc. ("MSA") in 1980 and has been an Executive Vice President in charge of Corporate Development of MSA since 1986 and has held the same position with the Companies since 1993.

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

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

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

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

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

Mr. Rulli holds the position of Senior Vice President - Human Resources and Corporate Operations. He joined MSA in 1988 and has held various positions with MSA.

Mr. Giuliano has served as Senior Vice President since the DRC Merger. He joined DRC in 1993, where he served as Senior Vice President and Chief Financial Officer up to the DRC Merger.

Ms. Corsaro is President of Simon Brand Ventures and Sr. Vice President of Marketing for the Companies. Ms. Corsaro joined MSA in 1983 and has served in various business development positions.

Ms. Alshab is President of clixnmortar.com and the Senior Vice President & Chief Information Officer of SPG. She joined DRC in 1995.

Item 2. Properties

Portfolio Properties

The Properties primarily consist of two types: regional malls and community shopping centers. Regional malls contain two or more anchors and a wide variety of smaller stores ("Mall" stores) located in enclosed malls connecting the anchors. Additional stores ("Freestanding" stores) are usually located along the perimeter of the parking area. The 168 regional malls in the Properties range in size from approximately 200,000 to 2.8 million square feet of GLA, with all but five regional malls over 400,000 square feet. These regional malls contain in the aggregate more than 17,000 occupied stores, including over 650 anchors which are mostly national retailers. As of December 31, 1999, regional malls (including specialty retail centers and retail space in the mixed-use Properties) represented 85.0% of total GLA, 79.9% of Owned GLA and 86.4% of total annualized base rent of the Properties.

Community shopping centers are generally unenclosed and smaller than regional malls. Most of the 78 community shopping centers in the Properties range in size from approximately 100,000 to 400,000 square feet of GLA. Community shopping centers generally are of two types: (i) traditional community centers, which focus primarily on value-oriented and convenience goods and services, are usually anchored by a supermarket, drugstore or discount retailer and are designed to service a neighborhood area; and (ii) power centers, which are designed to serve a larger trade area and contain at least two anchors that are usually national retailers among the leaders in their markets and occupy more than 70% of the GLA in the center. As of December 31, 1999, community shopping centers represented 10.6% of total GLA, 12.8% of Owned GLA and 6.0% of the total annualized base rent of the Properties.

Simon Group also has joint venture interests in four specialty retail centers, five office and mixed-use Properties and four value-oriented super-regional malls. The specialty retail centers contain approximately 1,272,000 square feet of GLA and do not have anchors; instead, they feature retailers and entertainment facilities in a distinctive shopping environment and location. The five office and mixed-use Properties range in size from approximately 348,000 to 1,039,000 square feet of GLA. Two of these Properties are regional malls with connected office buildings, two are located in mixed-use developments and contain primarily office space and the remaining one is solely office space. The value-oriented super-regional malls range in size from approximately 1.2 million to 1.5 million square feet of GLA. These Properties combine retail outlets, manufacturers' off-price stores and other value-oriented tenants. As of December 31, 1999, value-oriented super-regional malls represented 2.9% of total GLA, 4.7% of Owned GLA and 4.7% of the total annualized base rent of the Properties.

As of December 31, 1999, approximately 90.6% of the Mall and Freestanding Owned GLA in regional malls, specialty retail centers and the retail space in the mixed use Properties was leased, approximately 95.1% of the Owned GLA in the value-oriented super-regional malls was leased, and approximately 88.6% of Owned GLA in the community shopping centers was leased.

Of the 259 Properties, 178 are owned 100% by Simon Group and the remainder are held as joint venture interests. Simon Group is the managing or co-managing general partner or member of all but nine of the Properties held as joint venture interests.

Additional Information

The following table sets forth certain information, as of December 31, 1999, regarding the Properties:

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|---|
| REGIONAL MALLS | | | | | | |
| 1. | Alton Square<br>Alton, IL | Fee | 100.0 | Acquired 1993 | 639,640 | Sears, JCPenney, Famous Barr |
| 2. | Amigoland Mall<br>Brownsville, TX | Fee | 100.0 | Built 1974 | 558,707 | Dillard's, JCPenney, Ward, Beall's |
| 3. | Anderson Mall<br>Anderson, SC | Fee | 100.0 | Built 1972 | 634,542 | Belk (3), JCPenney, Sears |
| 4. | Apple Blossom Mall<br>Winchester, VA | Fee | 49.1 | Acquired 1999 | 438,133 | Belk, JCPenney, Sears |
| 5. | Arsenal Mall<br>Watertown, MA | Fee | 100.0 | Acquired 1999 | 500,924 (4) | Ann & Hope, Marshall's |
| 6. | Atrium Mall<br>Chestnut Hill, MA | Fee | 49.1 | Acquired 1999 | 216,147 | Border Books & Music |
| 7. | Auburn Mall<br>Auburn, MA | Fee | 49.1 | Acquired 1999 | 595,316 | Filene's, Sears, Caldor (5) |
| 8. | Aurora Mall<br>Aurora, CO | Fee | 100.0 | Acquired 1998 | 1,014,019 | JCPenney, Foley's (3), Sears |
| 9. | Aventura Mall (6)<br>Miami, FL | Fee | 33.3 | Built 1983 | 1,922,783 | Macy's, Sears, Bloomingdales, JCPenney, Lord & Taylor, Burdines, AMC Theatre |
| 10. | Avenues, The<br>Jacksonville, FL | Fee | 25.0 | Built 1990 | 1,112,648 | Belk, Dillard's, JCPenney, Parisian, Sears |
| 11. | Barton Creek Square<br>Austin, TX | Fee | 100.0 | Built 1981 | 1,399,358 | Dillard's (3), Foley's, JCPenney, Sears, Ward, General Cinema |
| 12. | Battlefield Mall<br>Springfield, MO | Fee and Ground Lease (2056) | 100.0 | Built 1970 | 1,196,577 | Dillard's, Famous Barr, Ward, Sears, JCPenney |
| 13. | Bay Park Square<br>Green Bay, WI | Fee | 100.0 | Built 1980 | 665,323 | Elder-Beerman, Kohl's, Ward, Shopko |
| 14. | Bergen Mall<br>Paramus, NJ | Fee and Ground Lease (7) (2061) | 100.0 | Acquired 1987 | 925,035 | Off 5th-Saks Fifth Avenue Outlet, Value City Furniture, Stern's, Marshall's |
| 15. | Biltmore Square<br>Asheville, NC | Fee | (8) 66.7 | Built 1989 | 494,811 | Belk, Dillard's, Proffitt's, Goody's |
| 16. | Boynton Beach Mall<br>Boynton Beach, FL | Fee | 100.0 | Built 1985 | 1,186,321 | Macy's, Burdines, Sears, Dillard's (3), JCPenney |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|---|
| 17. | Brea Mall<br>Brea, CA | Fee | 100.0 | Acquired 1998 | 1,302,336 | Macy's, JCPenney, Robinsons-May, Nordstrom, Sears |
| 18. | Broadway Square<br>Tyler, TX | Fee | 100.0 | Acquired 1994 | 619,600 | Dillard's, JCPenney, Sears |
| 19. | Brunswick Square<br>East Brunswick, NJ | Fee | 100.0 | Built 1973 | 768,961 | Macy's, JCPenney, Barnes & Noble, Brunswick Square Movies |
| 20. | Burlington Mall<br>Burlington, MA | Ground Lease (2048) | 100.0 | Acquired 1998 | 1,251,266 | Macy's, Lord & Taylor, Filene's, Sears |
| 21. | Cape Cod Mall<br>Hyannis, MA | Ground Leases (7) (2009-2073) | 49.1 | Acquired 1999 | 718,410 | Macy's, Filene's, Marshall's, Sears, Best Buy, Barnes & Noble (9), Hoyt's Cinemas |
| 22. | Castleton Square<br>Indianapolis, IN | Fee | 100.0 | Built 1972 | 1,455,078 | Galyan's, LS Ayres, Lazarus, JCPenney, Sears, Von Maur |
| 23. | Century III Mall<br>Pittsburgh, PA | Fee | 100.0 | Built 1979 | 1,287,430 | JCPenney, Sears, T.J. Maxx, Kauufmann's (3), Wickes Furniture |
| 24. | Charlottesville Fashion Square<br>Charlottesville, VA | Ground Lease (2076) | 100.0 | Acquired 1997 | 573,839 | Belk (3), JCPenney, Sears |
| 25. | Chautauqua Mall<br>Jamestown, NY | Fee | 100.0 | Built 1971 | 440,688 | Sears, JCPenney, Office Max, Old Navy, The Bon Ton |
| 26. | Cheltenham Square<br>Philadelphia, PA | Fee | 100.0 | Built 1981 | 636,441 | Burlington Coat Factory, Home Depot, Value City, Seaman's Furniture, Shop Rite, United Artist Theatre |
| 27. | Chesapeake Square<br>Chesapeake, VA | Fee and Ground Lease (2062) | (8) 75.0 | Built 1989 | 800,176 | Dillard's (3), JCPenney, Sears, Ward, Hecht's |
| 28. | Cielo Vista Mall<br>El Paso, TX | Fee and Ground Lease (10) (2027) | 100.0 | Built 1974 | 1,193,037 | Dillard's (3), JCPenney, Ward, Sears |
| 29. | Circle Centre<br>Indianapolis, IN | Property Lease (2097) | 14.7 | Built 1995 | 793,687 | Nordstrom, Parisian, United Artists Theatre |
| 30. | College Mall<br>Bloomington, IN | Fee and Ground Lease (10) (2048) | 100.0 | Built 1965 | 708,127 | Sears, Lazarus, L.S. Ayres, Target, JCPenney |
| 31. | Columbia Center<br>Kennewick, WA | Fee | 100.0 | Acquired 1987 | 772,524 | Sears, JCPenney, Lamonts, Barnes & Noble, The Bon Marche, Regal Cinema |
| 32. | Coral Square<br>Coral Springs, FL | Fee | 50.0 | Built 1984 | 946,615 | Dillard's, JCPenney, Sears, Burdines (3) |
| 33. | Cordova Mall<br>Pensecola, FL | Fee | 100.0 | Acquired 1998 | 853,654 | Ward, Parisian, Dillard's (3) |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|---|
| 34. | Cottonwood Mall<br>Albuquerque, NM | Fee | 100.0 | Built 1996 | 1,039,450 | Dillard's, Foley's, JCPenney, Mervyn's, Ward, United Artists Theatre |
| 35. | Crossroads Mall<br>Omaha, NE | Fee | 100.0 | Acquired 1994 | 865,528 | Dillard's, Sears, Younkers, Barnes & Noble |
| 36. | Crystal Mall<br>Waterford, CT | Fee | 74.6 | Acquired 1998 | 780,988 | Macy's, Filene's, JCPenney, Sears |
| 37. | Crystal River Mall<br>Crystal River, FL | Fee | 100.0 | Built 1990 | 425,885 | JCPenney, Sears, Belk, Kmart, Regal Cinema |
| 38. | Dadeland Mall<br>Miami, FL | Fee | 50.0 | Acquired 1997 | 1,405,683 | Saks Fifth Avenue, JCPenney, Burdine's, Burdine's Home Gallery, Limited, Lord & Taylor |
| 39. | DeSoto Square<br>Bradenton, FL | Fee | 100.0 | Built 1973 | 688,452 | JCPenney, Sears, Dillard's, Burdines, Regal Cinema |
| 40. | Eastern Hills Mall<br>Buffalo, NY | Fee | 100.0 | Built 1971 | 997,894 | Sears, JCPenney, The Bon Ton, Kaufmann's, Burlington Coat Factory |
| 41. | Eastland Mall<br>Evansville, IN | Fee | 50.0 | Acquired 1998 | 902,676 | JC Penney, De Jong's, Famous Barr, Lazarus |
| 42. | Eastland Mall<br>Tulsa, OK | Fee | 100.0 | Built 1986 | 707,974 | Dillard's, JCPenney, Mervyn's Hollywood Cinema, (11) |
| 43. | Edison Mall<br>Fort Meyers, FL | Fee | 100.0 | Acquired 1997 | 1,044,562 | Dillard's, JCPenney, Sears, Burdines (3) |
| 44. | Emerald Square<br>North Attleborough, MA | Fee | 49.1 | Acquired 1999 | 1,006,803 | Filene's, JCPenney, Lord & Taylor, Sears |
| 45. | Empire Mall (6)<br>Sioux Falls, SD | Fee and Ground Lease (7) (2013) | 50.0 | Acquired 1998 | 1,044,564 | JCPenney, Younkers, Sears, Daytons, (11) |
| 46. | Fashion Mall at Keystone at the Crossing, The<br>Indianapolis, IN | Ground Lease (2067) | 100.0 | Acquired 1997 | 651,315 | Jacobsons, Parisian |
| 47. | Florida Mall, The<br>Orlando, FL | Fee | 50.0 | Built 1986 | 1,633,929 | Dillard's, JCPenney, Parisian, Saks Fifth Avenue, Sears, Burdines |
| 48. | Forest Mall<br>Fond Du Lac, WI | Fee | 100.0 | Built 1973 | 474,127 | JCPenney, Kohl's, Younkers, Sears, Staples |
| 49. | Forest Village Park Mall<br>Forestville, MD | Fee | 100.0 | Built 1980 | 417,967 | JCPenney, Kmart |
| 50. | Fremont Mall<br>Fremont, NE | Fee | 100.0 | Built 1966 | 199,110 | JCPenney, 1/2 Price Store |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|---|
| 51. | Golden Ring Mall<br>Baltimore, MD | Fee | 100.0 | Built 1974 | 719,679 | Hecht's, Ward, United Artists, Caldor (5) |
| 52. | Granite Run Mall<br>Media, PA | Fee | 50.0 | Acquired 1998 | 1,022,984 | JCPenney, Sears, Boscovs |
| 53. | Great Lakes Mall<br>Cleveland, OH | Fee | 100.0 | Built 1961 | 1,311,490 | Dillard's (3), Kaufmann's, JCPenney, Sears |
| 54. | Greendale Mall<br>Worcester, MA | Fee and Ground Lease (7) (2009) | 49.1 | Acquired 1999 | 430,769 (12) | Best Buy, Marshall's, T.J. Maxx & More, (11) |
| 55. | Greenwood Park Mall<br>Greenwood, IN | Fee | 100.0 | Acquired 1979 | 1,269,512 | JCPenney, JCPenney Home Store, Lazarus, L.S. Ayres, Sears, Service Merchandise, Von Maur |
| 56. | Gulf View Square<br>Port Richey, FL | Fee | 100.0 | Built 1980 | 802,592 | Sears, Dillard's, Ward, JCPenney, Burdines |
| 57. | Gwinnett Place<br>Atlanta, GA | Fee | 50.0 | Acquired 1998 | 1,248,363 | Parisian, Macy's, Rich's JCPenney, Sears |
| 58. | Haywood Mall<br>Greensville, SC | Fee and Ground Lease (7) (2017) | 100.0 | Acquired 1998 | 1,244,330 | Rich's, Sears, Dillard's, JCPenney, Belk Simpson |
| 59. | Heritage Park Mall<br>Midwest City, OK | Fee | 100.0 | Built 1978 | 607,800 | Dillard's, Sears, Ward |
| 60. | Highland Mall (6)<br>Austin, TX | Fee and Ground Lease (2070) | 50.0 | Acquired 1998 | 1,091,897 | Dillard's (3), Foley's, JCPenney |
| 61. | Hutchinson Mall<br>Hutchinson, KS | Fee | 100.0 | Built 1985 | 525,709 | Dillard's, JCPenney, Sears, Hobby Lobby, Orscheln's Farm Supply, Cinema 8 |
| 62. | Independence Center<br>Independence, MO | Fee | 100.0 | Acquired 1994 | 1,022,477 | Dillard's, Sears (3), The Jones Store Co. |
| 63. | Indian River Mall<br>Vero Beach, FL | Fee | 50.0 | Built 1996 | 747,614 | Sears, JCPenney, Dillard's, Burdines, AMC Theatre |
| 64. | Ingram Park Mall<br>San Antonio, TX | Fee | 100.0 | Built 1979 | 1,129,905 | Dillard's (3), Foley's, JCPenney, Sears, Beall's |
| 65. | Irving Mall<br>Irving, TX | Fee | 100.0 | Built 1971 | 1,114,175 | Foley's, Dillard's, Old Navy, JCPenney, Mervyn's, Sears, Barnes & Noble, General Cinema |
| 66. | Jefferson Valley Mall<br>Yorktown Heights, NY | Fee | 100.0 | Built 1983 | 591,241 | Macy's, Sears, United Artist Theatre, Home Decor |
| 67. | Knoxville Center<br>Knoxville, TN | Fee | 100.0 | Built 1984 | 981,354 | Dillard's, JCPenney, Proffitt's, Sears, Regal Cinema, Service Merchandise (5) |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|---|
| 68. | La Plaza<br>McAllen, TX | Fee and Ground Lease (7) (2040) | 100.0 | Built 1976 | 997,077 | Dillard's, JCPenney, Foley's, Foley's Home Store, Sears, Beall's, Joe Brand-Lady Brand |
| 69. | Lafayette Square<br>Indianapolis, IN | Fee | 100.0 | Built 1968 | 1,165,508 | JCPenney, LS Ayres, Sears, Lazarus, Home Place, Burlington Coat Factory |
| 70. | Laguna Hills Mall<br>Laguna Hills, CA | Fee | 100.0 | Acquired 1997 | 868,144 | Macy's, JCPenney, Sears |
| 71. | Lake Square Mall<br>Leesburg, FL | Fee | 50.0 | Acquired 1998 | 561,077 | JCPenney, Sears, Belk, Target, AMC 6 Theatres |
| 72. | Lakeland Square (13)<br>Lakeland, FL | Fee | 50.0 | Built 1988 | 900,551 | Belk, Dillard's (3), JCPenney, Sears, Burdines |
| 73. | Lakeline Mall<br>N. Austin, TX | Fee | 100.0 | Built 1995 | 1,102,242 | Dillard's, Foley's, Sears, JCPenney, Mervyn's, Regal Cinema |
| 74. | Lenox Square<br>Atlanta, GA | Fee | 100.0 | Acquired 1998 | 1,427,394 | Neiman Marcus, Macy's, Rich's, United Artists Theatres |
| 75. | Liberty Tree Mall<br>Newton, MA | Fee | 49.1 | Acquired 1999 | 850,486 | Ann & Hope, Marshall's, Sports Authority, Target, Loews Theatre |
| 76. | Lima Mall<br>Lima, OH | Fee | 100.0 | Built 1965 | 743,480 | Elder-Beerman, Sears, Lazarus, JCPenney |
| 77. | Lincolnwood Town Center<br>Lincolnwood, IL | Fee | 100.0 | Built 1990 | 441,162 | JCPenney, Carson Pirie Scott |
| 78. | Lindale Mall (6)<br>Cedar Rapids, IA | Fee | 50.0 | Acquired 1998 | 690,549 | Von Maur, Sears, Younkers |
| 79. | Livingston Mall<br>Livingston, NJ | Fee | 100.0 | Acquired 1998 | 984,752 | Macy's, Sears, Lord & Taylor |
| 80. | Longview Mall<br>Longview, TX | Fee | 100.0 | Built 1978 | 616,505 | Dillard's (3), JCPenney, Sears, Service Merchandise, Beall's |
| 81. | Machesney Park Mall<br>Rockford, IL | Fee | 100.0 | Built 1979 | 555,984 | JCPenney, Kohl's, Seventh Avenue Direct, Bergners, Kerasotes Theatre |
| 82. | Mall at Rockingham Park<br>Salem, NH | Fee | 24.6 | Acquired 1999 | 996,868 | Macy's, Filene's, JCPenney, Sears |
| 83. | Mall of America<br>Minneapolis, MN | Fee | (14) 27.5 | Acquired 1999 | 2,777,511 | Macy's, Bloomingdales, Nordstrom, Sears, Knott's Camp Snoopy, General Cinema |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|
| 84. Mall of Georgia Gwinnett County, GA | Fee | 50.0 | Built 1999 | 1,491,432 | Lord & Taylor, Rich's (9), Dillard's, Galyan's, Haverty's, JCPenney, Nordstrom (9), Bed, Bath & Beyond, Regal Cinema |
| 85. Mall of New Hampshire Manchester, NH | Fee | 49.1 | Acquired 1999 | 800,269 | Filene's, JCPenney, Sears, Best Buy |
| 86. Markland Mall Kokomo, IN | Ground Lease (2041) | 100.0 | Built 1968 | 394,569 | Lazarus, Sears, Target |
| 87. McCain Mall N. Little Rock, AR | Ground Lease (15) (2032) | 100.0 | Built 1973 | 776,918 | Sears, Dillard's, JCPenney, M.M. Cohn |
| 88. Melbourne Square Melbourne, FL | Fee | 100.0 | Built 1982 | 737,824 | Belk, Dillard's (3), JCPenney, Burdines |
| 89. Memorial Mall Sheboygan, WI | Fee | 100.0 | Built 1969 | 416,742 | JCPenney, Kohl's, Sears |
| 90. Menlo Park Mall Edison, NJ | Fee | 100.0 | Acquired 1997 | 1,292,897 (16) | Macy's (3), Nordstrom, Cineplex Odeon |
| 91. Mesa Mall (6) Grand Junction, CO | Fee | 50.0 | Acquired 1998 | 856,258 | Sears, Herberger's, JCPenney, Target, Mervyn's |
| 92. Metrocenter (17) Phoenix, AZ | Fee | 50.0 | Acquired 1998 | 1,356,214 | Macy's, Dillard's, Robinsons-May, JCPenney, Sears, Harkins Theatres |
| 93. Miami International Mall Miami, FL | Fee | 60.0 | Built 1982 | 976,465 | Sears, Dillard's, JCPenney, Burdines (3) |
| 94. Midland Park Mall Midland, TX | Fee | 100.0 | Built 1980 | 614,666 | Dillard's (3), JCPenney, Sears, Beall's |
| 95. Miller Hill Mall Duluth, MN | Fee | 100.0 | Built 1973 | 815,244 | JCPenney, Sears, Younkers, Northstar Ford |
| 96. Mounds Mall Anderson, IN | Ground Lease (2033) | 100.0 | Built 1965 | 407,681 | Elder-Beerman, JCPenney, Sears |
| 97. Muncie Mall Muncie, IN | Fee | 100.0 | Built 1970 | 659,879 | JCPenney, L.S. Ayres, Sears, Elder Beerman, (11) |
| 98. Nanuet Mall Nanuet, NY | Fee | 100.0 | Acquired 1998 | 914,892 | Macy's, Stern's, Sears |
| 99. North East Mall Hurst, TX | Fee | 100.0 | Built 1971 | 1,213,305 | Saks Fifth Avenue (9), Nordstrom (9), Dillard's, JCPenney, Ward, Sears |
| 100. North Towne Square Toledo, OH | Fee | 100.0 | Built 1980 | 749,070 | Dillard's, Ward, (11) |
| 101. Northfield Square Bradley, IL | Fee | (8) 31.6 | Built 1990 | 558,237 | Sears, JCPenney, Cinemark Movies 10, Carson Pirie Scott (3) |

| | Name/Location | Ownership Interest (Expiration Lease) (1) | Simon Group's Percentage if Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|---|
| 102. | Northgate Mall<br>Seattle, WA | Fee | 100.0 | Acquired 1987 | 1,097,163 (18) | Nordstrom, JCPenney, Lamonts, The Bon Marche |
| 103. | Northlake Mall<br>Atlanta, GA | Fee | 100.0 | Acquired 1998 | 963,463 | Parisian, Macy's, Sears, JCPenney |
| 104. | Northpark Mall<br>Davenport, IA | Fee | 50.0 | Acquired 1998 | 1,040,868 | Von Maur, Younkers, Ward, JCPenney, Sears |
| 105. | Northshore Mall<br>Peabody, MA | Fee | 49.1 | Acquired 1999 | 1,677,897 | Macy's, Filene's, JCPenney, Lord & Taylor, Sears |
| 106. | Northwoods Mall<br>Peoria, IL | Fee | 100.0 | Acquired 1983 | 668,122 | Famous Barr, JCPenney, Sears |
| 107. | Oak Court Mall<br>Memphis, TN | Fee | 100.0 | Acquired 1997 | 852,085 (19) | Dillard's (3), Goldsmith's |
| 108. | Ocean County Mall<br>Toms River, NJ | Fee | 100.0 | Acquired 1998 | 873,761 | Macy's, JCPenney, Stern's, Sears |
| 109. | Orange Park Mall<br>Jacksonville, FL | Fee | 100.0 | Acquired 1994 | 929,179 | Dillard's, JCPenney, Sears, Belk, AMC 24 Theatres |
| 110. | Orland Square<br>Orland Park, IL | Fee | 100.0 | Acquired 1997 | 1,246,381 | JCPenney, Marshall Field, Sears, Carson Pirie Scott |
| 111. | Paddock Mall<br>Ocala, FL | Fee | 100.0 | Built 1980 | 560,087 | JCPenney, Sears, Belk, Burdines |
| 112. | Palm Beach Mall<br>West Palm Beach, FL | Fee | 100.0 | Built 1967 | 1,016,396 | Dillard's (9), JCPenney, Sears, Lord & Taylor, Burdines, Borders Books & Music, Barnes & Noble (9) |
| 113. | Phipps Plaza<br>Atlanta, GA | Fee | 100.0 | Acquired 1998 | 821,275 | Lord & Taylor, Parisian, Saks Fifth Avenue, AMC Theatres |
| 114. | Port Charlotte Town Center<br>Port Charlotte, FL | Ground Lease (2064) | (8) 80.0 | Built 1989 | 780,887 | Dillard's, Ward, JCPenney, Sears, Burdines, Regal Cinema |
| 115. | Prien Lake Mall<br>Lake Charles, LA | Fee and Ground Lease (7) (2025) | 100.0 | Built 1972 | 815,641 | Dillards, JCPenney, Ward, Sears, The White House |
| 116. | Raleigh Springs Mall<br>Memphis, TN | Fee and Ground Lease (7) (2018) | 100.0 | Built 1979 | 901,397 | Dillard's, Sears, JCPenney, Malco Theatres, Goldsmith's |
| 117. | Randall Park Mall<br>Cleveland, OH | Fee | 100.0 | Built 1976 | 1,580,417 | Dillard's, Kaufmann's, JCPenney, Sears, Burlington Coat Factory, Magic Johnson Theatres |
| 118. | Richardson Square<br>Dallas, TX | Fee | 100.0 | Built 1977 | 747,194 | Dillard's, Sears, Stein Mart, Ward, Old Navy, Ross Dress for Less, Barnes & Noble |
| 119. | Richmond Square<br>Richmond, IN | Fee | 100.0 | Built 1966 | 390,703 | Dillard's, JCPenney, Sears, Office Max |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|---|
| 120. | Richmond Town Square<br>Cleveland, OH | Fee | 100.0 | Built 1966 | 937,530 | Sears, JCPenney, Kaufmann's, Sony Theatres (9), Barnes & Noble (9), Old Navy |
| 121. | River Oaks Center<br>Calumet City, IL | Fee | 100.0 | Acquired 1997 | 1,338,499 (20) | Sears, JCPenney, Carson Pirie Scott, Cineplex Odeon, Marshall Field's |
| 122. | Rockaway Townsquare<br>Rockaway, NJ | Fee | 100.0 | Acquired 1998 | 1,240,089 | Macy's, Lord & Taylor, JCPenney, Sears |
| 123. | Rolling Oaks Mall<br>North San Antonio, TX | Fee | 100.0 | Built 1988 | 756,455 | Sears, Dillard's, Foley's, Beall's |
| 124. | Roosevelt Field Mall<br>Garden City, NY | Ground Lease (7) (2090) | 100.0 | Acquired 1998 | 2,176,922 | Macy's, Bloomingdale's, JCPenney, Nordstrom, Stern's |
| 125. | Ross Park Mall<br>Pittsburgh, PA | Fee | 100.0 | Built 1986 | 1,275,426 | Lazarus, JCPenney, Sears, Kaufmann's, Media Play (9) |
| 126. | Rushmore Mall (6)<br>Rapid City, SD | Fee | 50.0 | Acquired 1998 | 834,384 | JCPenney, Sears, Herberger's, Hobby Lobby, Target |
| 127. | St. Charles Towne Center<br>Waldorf, MD | Fee | 100.0 | Built 1990 | 1,053,050 | Sears, JCPenney, Kohl's, Ward, Hecht's |
| 128. | Santa Rosa Plaza<br>Santa Rosa, CA | Fee | 100.0 | Acquired 1998 | 699,538 | Macy's, Mervyn's, Sears |
| 129. | Seminole Towne Center<br>Sanford, FL | Fee | 45.0 | Built 1995 | 1,153,761 | Dillard's, JCPenney, Parisian, Sears, Burdines |
| 130. | Shops at Mission Viejo Mall, The<br>Mission Viejo, CA | Fee | 100.0 | Built 1979 | 1,038,380 | Macy's, Saks Fifth Avenue, Robinsons - May (3), Nordstrom |
| 131. | Smith Haven Mall<br>Lake Grove, NY | Fee | 25.0 | Acquired 1995 | 1,332,770 | Macy's, Sears, JCPenney, Sterns |
| 132. | Solomon Pond Mall<br>Marlborough, MA | Fee | 49.1 | Acquired 1999 | 880,512 | Filene's, Sears, JCPenney, Linens `N Things, Hoyt's |
| 133. | Source, The<br>Long Island, NY | Fee | 25.0 | Built 1997 | 729,554 | Off 5/th/-Saks Fifth Avenue, Fortunoff, Loehmann's, Nordstrom Rack, Old Navy, ABC Home, Circuit City, Virgin Megastore |
| 134. | South Hills Village<br>Pittsburgh, PA | Fee | 100.0 | Acquired 1997 | 1,118,985 | Sears, Kaufmann's, Lazarus |
| 135. | South Park Mall<br>Shreveport, LA | Fee | 100.0 | Built 1975 | 858,667 | Dillard's, JCPenney, Burlington Coat Factory, Regal Cinema, Stage, Ward (5) |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchor/Specialty Anchors |
|---|---|---|---|---|---|---|
| 136. | South Shore Plaza<br>Braintree, MA | Fee | 100.0 | Acquired 1998 | 1,434,279 | Macy's, Filene's, Lord & Taylor, Sears |
| 137. | Southern Hills Mall (6)<br>Sioux City, IA | Fee | 50.0 | Acquired 1998 | 752,471 | Younkers, Sears, Target, Carmike Cinemas |
| 138. | Southern Park Mall<br>Youngstown, OH | Fee | 100.0 | Built 1970 | 1,201,466 | Dillard's, JCPenney, Sears, Kaufmann's |
| 139. | Southgate Mall<br>Yuma, AZ | Fee | 100.0 | Acquired 1988 | 321,564 | Sears, Dillard's, JCPenney, Hastings |
| 140. | SouthPark Mall<br>Moline, IL | Fee | 50.0 | Acquired 1998 | 1,034,852 | JCPenney, Ward, Younkers, Sears, Von Maur |
| 141. | SouthRidge Mall (6)<br>Des Moines, IA | Fee | 50.0 | Acquired 1998 | 1,008,607 | Sears, Younkers, JCPenney, Target, Carmike Cinemas, (11) |
| 142. | Square One Mall<br>Saugus, MA | Fee | 49.1 | Acquired 1999 | 848,186 | Filene's, Sears, Service Merchandise, TJMaxx & More |
| 143. | Summit Mall<br>Akron, OH | Fee | 100.0 | Built 1965 | 694,332 | Dillard's (3), Kaufmann's |
| 144. | Sunland Park Mall<br>El Paso, TX | Fee | 100.0 | Built 1988 | 923,251 | JCPenney, Mervyn's, Sears, Dillard's (3), General Cinemas |
| 145. | Tacoma Mall<br>Tacoma, WA | Fee | 100.0 | Acquired 1987 | 1,270,949 | Nordstrom, Sears, JCPenney, The Bon Marche, Mervyn's |
| 146. | Tippecanoe Mall<br>Lafayette, IN | Fee | 100.0 | Built 1973 | 856,114 | Lazarus, Sears, L.S. Ayres, JCPenney, Kohl's |
| 147. | Town Center at Boca Raton<br>Boca Raton, FL | Fee | 100.0 | Acquired 1998 | 1,228,330 | Lord & Taylor, Saks Fifth Avenue, Bloomingdale's, Sears, Burdines, Nordstrom (9) |
| 148. | Town Center at Cobb<br>Atlanta, GA | Fee | 50.0 | Acquired 1998 | 1,272,498 | Macy's, Parisian, Sears, JCPenney, Rich's |
| 149. | Towne East Square<br>Wichita, KS | Fee | 100.0 | Built 1975 | 1,148,431 | Dillard's, JCPenney, Sears |
| 150. | Towne West Square<br>Wichita, KS | Fee | 100.0 | Built 1980 | 965,592 | Dillard's, Sears, JCPenney, Ward, Service Merchandise, (11) |
| 151. | Treasure Coast Square<br>Jenson Beach, FL | Fee | 100.0 | Built 1987 | 783,513 | Dillard's (3), Sears, JCPenney, Burdines |
| 152. | Tyrone Square<br>St. Petersburg, FL | Fee | 100.0 | Built 1972 | 1,123,147 | Dillard's, JCPenney, Sears, Borders, Burdines |
| 153. | University Mall<br>Little Rock, AR | Ground Lease (2026) | 100.0 | Built 1967 | 565,400 | JCPenney, M.M. Cohn, Ward |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|---|
| 154. | University Mall<br>Pensacola, FL | Fee | 100.0 | Acquired 1994 | 712,161 | JCPenney, Sears, McRae's, United Artists |
| 155. | University Park Mall<br>South Bend, IN | Fee | 60.0 | Built 1979 | 942,215 | LS Ayres, JCPenney, Sears, Marshall Fields |
| 156. | Upper Valley Mall<br>Springfield, OH | Fee | 100.0 | Built 1971 | 751,682 | Lazarus, JCPenney, Sears, Elder-Beerman |
| 157. | Valle Vista Mall<br>Harlingen, TX | Fee | 100.0 | Built 1983 | 656,085 | Dillard's, Mervyn's, Sears, JCPenney, Marshalls, Beall's |
| 158. | Valley Mall<br>Harrisonburg, VA | Fee | 50.0 | Acquired 1998 | 482,370 | JCPenney, Belk, Wal-Mart, Peebles |
| 159. | Virginia Center Commons<br>Richmond, VA | Fee | 100.0 | Built 1991 | 786,927 | Dillard's (3), Hecht's, JCPenney, Sears |
| 160. | Walt Whitman Mall<br>Huntington Station, NY | Ground Rent (2012) | 98.0 | Acquired 1998 | 1,028,086 | Macy's, Lord & Taylor, Bloomingdale's, Saks Fifth Avenue |
| 161. | Washington Square<br>Indianapolis, IN | Fee | 100.0 | Built 1974 | 1,133,791 | L.S. Ayres, Lazarus, Target, JCPenney, Sears |
| 162. | West Ridge Mall<br>Topeka, KS (21) | Fee | 100.0 | Built 1988 | 1,042,349 | Dillard's, JCPenney, The Jones Store, Sears, Ward |
| 163. | West Town Mall<br>Knoxville, TN | Ground Lease (2042) | 50.0 | Acquired 1991 | 1,338,212 | Parisian, Dillard's, JCPenney, Proffitt's, Sears, Regal Cinema |
| 164. | Westchester, The<br>White Plains, NY | Fee | 50.0 | Acquired 1997 | 827,660 | Neiman Marcus, Nordstrom |
| 165. | Westminster Mall<br>Westminster, CA | Fee | 100.0 | Acquired 1998 | 1,081,961 | Sears, JCPenney, Robinsons-May Home Store, Robinsons-May |
| 166. | White Oaks Mall<br>Springfield, IL | Fee | 77.0 | Built 1977 | 903,013 | Famous Barr, Ward, Sears, Bergner's |
| 167. | Windsor Park Mall<br>San Antonio, TX | Fee | 100.0 | Built 1976 | 1,093,212 | Ward, Dillard's (3), JCPenney, Mervyn's, Beall's |
| 168. | Woodville Mall<br>Toledo, OH | Fee | 100.0 | Built 1969 | 772,889 | Sears, Elder-Beerman, Andersons, (11) |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|
| VALUE-ORIENTED REGIONAL MALLS | | | | | |
| 1. Arizona Mills (6) Tempe, AZ | Fee | 26.3 | Built 1997 | 1,233,884 | Off 5th-Saks Fifth Avenue Outlet, JCPenney Outlet, Burlington Coat Factory, Oshman's Super Sport, Rainforest Cafe, GameWorks, Hi-Health, Linens `N Things, Ross Dress for Less, Group USA, Harkins Theatre, Marshalls, Last Call, Off Rodeo, Virgin Megastore, American Wilderness Experience |
| 2. Concord Mills (6) Concord, NC | Fee | 37.5 | Built 1999 | 1,281,240 | Saks Fifth Avenue, Alabama Grill, AMC, Bass Pro, Bed, Bath & Beyond, Books-A-Million, Burlington Coat Factory, Group USA, Jillian's, T.J. Maxx, F.Y.E., Jeepers |
| 3. Grapevine Mills (6) Grapevine (Dallas/Ft. Worth), TX | Fee | 37.5 | Built 1997 | 1,323,407 | Off 5th-Saks Fifth Avenue Outlet, JCPenney Outlet, Books-A-Million, Burlington Coat Factory, Rainforest Cafe, Group USA, Bed, Bath & Beyond, Polar Ice, AMC Theatres, GameWorks, American Wilderness Experience |
| 4. Ontario Mills (6) Ontario, CA | Fee | 25.0 | Built 1996 | 1,471,096 | Off 5th-Saks Fifth Avenue Outlet, JCPenney Outlet, AMC Theatres, Burlington Coat Factory, Marshall's, Sports Authority, Dave & Busters, Group USA, American Wilderness Experience, T.J. Maxx, Foozles, Totally for Kids, Bed, Bath & Beyond, Off Rodeo, Mikasa, Virgin Megastore, GameWorks |
| SPECIALTY RETAIL CENTERS | | | | | |
| 1. The Forum Shops at Caesars Las Vegas, NV | Ground Lease (2050) | (22) | Built 1992 | 479,552 | - |
| 2. The Shops at Sunset Place Miami, FL | Fee | 37.5 | Built 1999 | 507,511 | Niketown, Barnes & Noble, Gameworks, Virgin Megastore, Z Gallerie |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|
| 3. The Tower Shops Las Vegas, NV | Space Lease (2051) | 50.0 | Built 1996 | 59,079 | - |
| 4. Trolley Square Salt Lake City, UT | Fee | 90.0 | Aquired 1986 | 225,535 | - |

OFFICE AND MIXED-USE PROPERTIES

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|
| 1. Fashion Centre at Pentagon City, The Arlington, VA | Fee | 21.0 | Built 1989 | 988,955 (23) | Macy's, Nordstrom, Sony Theatres |
| 2. Lenox Building, The Atlanta, GA | Fee | 100.0 | Acquired 1998 | 348,152 | - |
| 3. New Orleans Centre/CNG Tower New Orleans, LA | Fee and Ground Lease (2084) | 100.0 | Built 1988 | 1,039,229 (24) | Macy's, Lord & Taylor |
| 4. O'Hare International Center Rosemont, IL | Fee | 100.0 | Built 1988 | 512,032 (25) | - |
| 5. Riverway Rosemont, IL | Fee | 100.0 | Acquired 1991 | 817,299 (26) | - |

COMMUNITY SHOPPING CENTERS

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors/Specialty Anchors |
|---|---|---|---|---|---|
| 1. Arboretum, The Austin, TX | Fee | (27) 90.0 | Acquired 1998 | 212,391 | Barnes & Noble, The Arbor Theater |
| 2. Arvada Plaza Arvada, CO | Fee | 100.0 | Built 1966 | 96,831 | King Soopers |
| 3. Aurora Plaza Aurora, CO | Ground Lease (2058) | 100.0 | Built 1965 | 150,209 | King Soopers, MacFrugel's Bargains, Super Saver Cinema |
| 4. Bloomingdale Court Bloomingdale, IL | Fee | 100.0 | Built 1987 | 598,561 | Wal-Mart, Best Buy, T.J. Maxx N More, Cineplex Odeon, Frank's Nursery, Marshalls, Office Max, Old Navy, Service Merchandise, Dress Barn |
| 5. Boardman Plaza Youngstown, OH | Fee | 100.0 | Built 1951 | 652,400 | AMES, Burlington Coat Factory, Giant Eagle, Michael's, Linens-N-Things, T.J. Maxx, (11) |
| 6. Bridgeview Court Bridgeview, IL | Fee | 100.0 | Built 1988 | 278,184 | Dominick's (5), (11) |

| | Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors |
|---|---|---|---|---|---|---|
| 7. | Brightwood Plaza<br>Indianapolis, IN | Fee | 100.0 | Built 1965 | 41,893 | Preston Safeway |
| 8. | Buffalo Grove Towne Center<br>Buffalo Grove, IL | Fee | 100.0 | Built 1988 | 187,359 | Eagle County Market, Buffalo Grove Theatres |
| 9. | Celina Plaza<br>El Paso, TX | Fee and Ground Lease (28) (2027) | 100.0 | Built 1978 | 32,622 | |
| 10. | Century Mall<br>Merrillville, IN | Fee | 100.0 | Acquired 1982 | 415,324 | Burlington Coat Factory, Ward |
| 11. | Charles Towne Square<br>Charleston, SC (29) | Fee | 100.0 | Built 1976 | 205,399 | Ward, Regal Cinema |
| 12. | Chesapeake Center<br>Chesapeake, VA | Fee | 100.0 | Built 1989 | 299,604 | Service Merchandise, Phar Mor, K-Mart |
| 13. | Cobblestone Court<br>Victor, NY | Fee and Ground Lease (10) (2038) | 35.0 | Built 1993 | 265,603 | Dick's Sporting Goods, Kmart, Office Max |
| 14. | Countryside Plaza<br>Countryside, IL | Fee and Ground Lease (10) (2058) | 100.0 | Built 1977 | 435,532 | Best Buy, Old Country Buffet, Kmart, (11) |
| 15. | Crystal Court<br>Crystal Lake, IL | Fee | 35.0 | Built 1989 | 284,743 | Cub Foods, Wal-Mart, Service Merchandise, (11) |
| 16. | Eastgate Consumer Mall<br>Indianapolis, IN | Fee | 100.0 | Acquired 1981 | 465,694 | Burlington Coat Factory |
| 17. | Eastland Convenience Center<br>Evansville, IN | Ground Lease (2075) | 50.0 | Acquired 1998 | 173,069 | Service Merchandise, Marshalls, Kids "R" Us, Toys "R" Us |
| 18. | Eastland Plaza<br>Tulsa, OK | Fee | 100.0 | Built 1986 | 188,229 | Marshalls, Target, Toys "R" Us |
| 19. | Empire East (6)<br>Sioux Falls, SD | Fee | 50.0 | Acquired 1998 | 271,351 | Kohl's, Target, Carmike Cinemas |
| 20. | Fairfax Court<br>Fairfax, VA | Fee | 26.3 | Built 1992 | 258,746 | Burlington Coat Factory, Circuit City Superstore, Today's Man |
| 21. | Forest Plaza<br>Rockford, IL | Fee | 100.0 | Built 1985 | 413,886 | Kohl's, Marshalls, Media Play, Michael's, Factory Card Outlet, Office Max, T.J. Maxx, Bed, Bath & Beyond |
| 22. | Fox River Plaza<br>Elgin, IL | Fee | 100.0 | Built 1985 | 324,905 | Big Lots, Builders Square (5), Kmart, (11) |
| 23. | Gaitway Plaza<br>Ocala, FL | Fee | 23.3 | Built 1989 | 229,973 | Ward, Books-A-Million, Office Depot, T.J. Maxx |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors |
|---|---|---|---|---|---|
| 24. Glen Burnie Mall Glen Burnie, MD | Fee | 100.0 | Built 1963 | 456,372 | Ward |
| 25. Great Lakes Plaza Cleveland, OH | Fee | 100.0 | Built 1976 | 164,104 | Circuit City, Best Buy, Michael's, Cost Plus World Market |
| 26. Great Northeast Plaza Philadelphia, PA | Fee | 50.0 | Acquired 1989 | 298,242 | Sears, Phar Mor |
| 27. Greenwood Plus Greenwood, IN | Fee | 100.0 | Built 1979 | 188,480 | Best Buy, Kohl's |
| 28. Griffith Park Plaza Griffith, IN | Ground Lease (2060) | 100.0 | Built 1979 | 274,230 | Kmart, Service Merchandise, (11) |
| 29. Grove at Lakeland Square, The Lakeland, FL | Fee | 100.0 | Built 1988 | 215,591 | Wal-Mart, Sports Authority |
| 30. Hammond Square (30) Sandy Springs, GA | Space Lease (2011) | 100.0 | Built 1974 | 87,705 | Burlington Coat Factory, Mimms Enterprises |
| 31. Highland Lakes Center Orlando, FL | Fee | 100.0 | Built 1991 | 478,014 | Target, Marshalls, Bed, Bath & Beyond, Goodings Food Festival, Ross Dress for Less, Office Max |
| 32. Indian River Commons Vero Beach, FL | Fee | 50.0 | Built 1997 | 264,690 | HomePlace, Lowe's, Office Max, (11) |
| 33. Ingram Plaza San Antonio, TX | Fee | 100.0 | Built 1980 | 111,518 | - |
| 34. Keystone Shoppes Indianapolis, IN | Ground Lease (2067) | 100.0 | Acquired 1997 | 29,140 | - |
| 35. Knoxville Commons Knoxville, TN | Fee | 100.0 | Built 1987 | 180,355 | Office Max, Silk Tree Factory, Circuit City |
| 36. Lake Plaza Waukegan, IL | Fee | 100.0 | Built 1986 | 218,208 | Pic `N Save, Home Owners Buyer's Outlet, (11) |
| 37. Lake View Plaza Orland Park, IL | Fee | 100.0 | Built 1986 | 388,594 | Service Merchandise, Best Buy (3), Marshalls, Ulltra Cosmetics, Factory Card Outlet, Golf Galaxy, Linens-N-Things (3), Pet Care Plus, (11) |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors |
|---|---|---|---|---|---|
| 38. Lakeline Plaza<br>Austin, TX | Fee | 100.0 | Built 1998 | 344,669 | Old Navy, Best Buy, Cost Plus World Market, Linens-N-Things, Office Max, Petsmart, Ross Dress for Less, T.J. Maxx, Party City, Ulta Cosmetics |
| 39. Lima Center<br>Lima, OH | Fee | 100.0 | Built 1978 | 201,154 | AMES, Hobby Lobby, Regal Cinema |
| 40. Lincoln Crossing<br>O'Fallon, IL | Fee | 100.0 | Built 1990 | 161,337 | Wal-Mart, PetsMart |
| 41. Mainland Crossing<br>Galveston, TX | Fee | (8) 80.0 | Built 1991 | 390,987 | Hobby Lobby, Sam's Club, Wal-Mart |
| 42. Mall of Georgia Crossing<br>Gwinnett County, GA | Fee | 50.0 | Built 1999 | 440,512 | Target, Nordstrom Rack, Best Buy, Staples, T.J. Maxx N More, (11) |
| 43. Markland Plaza<br>Kokomo, IN | Fee | 100.0 | Built 1974 | 111,166 | Spiece, (11) |
| 44. Martinsville Plaza<br>Martinsville, VA | Space Lease (2036) | 100.0 | Built 1967 | 102,162 | Rose's |
| 45. Marwood Plaza<br>Indianapolis, IN | Fee | 100.0 | Built 1962 | 105,785 | Kroger |
| 46. Matteson Plaza<br>Matteson, IL | Fee | 100.0 | Built 1988 | 275,455 | Service Merchandise, Dominick's, Michael's Arts & Crafts, Value City |
| 47. Memorial Plaza<br>Sheboygan, WI | Fee | 100.0 | Built 1966 | 131,177 | Office Max, (11) |
| 48. Mounds Mall Cinema<br>Anderson, IN | Fee | 100.0 | Built 1974 | 7,500 | Kerasotes Theater |
| 49. Muncie Plaza<br>Muncie, IN | Fee | 100.0 | Built 1998 | 172,651 | Kohl's, Office Max, Shoe Carnival, T.J. Maxx |
| 50. New Castle Plaza<br>New Castle, IN | Fee | 100.0 | Built 1966 | 91,648 | Goody's |
| 51. North Ridge Plaza<br>Joliet, IL | Fee | 100.0 | Built 1985 | 367,282 | Service Merchandise, Best Buy, Cub Foods, Hobby Lobby, Office Max |
| 52. North Riverside Park Plaza<br>North Riverside, IL | Fee | 100.0 | Built 1977 | 119,608 | Dominick's |
| 53. Northland Plaza<br>Columbus, OH | Fee and Ground Lease (7) (2085) | 100.0 | Built 1988 | 209,515 | Marshalls, Phar-Mor, Service Merchandise (5) |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors |
|---|---|---|---|---|---|
| 54. Northwood Plaza Fort Wayne, IN | Fee | 100.0 | Built 1974 | 209,374 | Target, Cinema Grill, (11) |
| 55. Park Plaza Hopkinsville, KY | Fee and Ground Lease (7) (2039) | 100.0 | Built 1968 | 109,480 | Walmart (5) |
| 56. Plaza at Buckland Manchester, CT | Fee | 35.0 | Built 1993 | 336,935 | Toys "R" Us, Jo-Ann Etc., Kids "R" Us, Service Merchandise, Comp USA, Linens-N-Thing's, Party City, Bolton's, The Floor Store |
| 57. Regency Plaza St. Charles, MO | Fee | 100.0 | Built 1988 | 287,526 | Wal-Mart, Sam's Wholesale |
| 58. Ridgewood Court Jackson, MS | Fee | 35.0 | Built 1993 | 240,844 | T.J. Maxx, Service Merchandise, (11) |
| 59. Rockaway Convenience Center Rockaway, NJ | Fee | 100.0 | Acquired 1998 | 135,283 | Kids "R" Us, AMCE Grocery, American Multi Cinema |
| 60. Royal Eagle Plaza Coral Springs, FL | Fee | 35.0 | Built 1989 | 199,118 | Kmart, Stein Mart |
| 61. Shops at Northeast Plaza, The Hurst, TX | Fee | 100.0 | Built 1999 | 226,611 | Old Navy, Nordstrom Rack, Bed, Bath & Beyond, Office Max, Michael's, Petsmart, T.J. Maxx, Ultra Cosmetics, Best Buy |
| 62. St. Charles Towne Plaza Waldorf, MD | Fee | 100.0 | Built 1987 | 432,860 | Value City Furniture, T.J. Maxx, Ames, Jo Ann Fabrics, CVS, Shoppers Food Warehouse (11) |
| 63. Teal Plaza Lafayette, IN | Fee | 100.0 | Built 1962 | 101,087 | Circuit City, Hobby-Lobby, The Pep Boys |
| 64. Terrace at The Florida Mall Orlando, FL | Fee | 100.0 | Built 1989 | 332,980 | Marshalls, Service Merchandise, Target, Home Place, (11) |
| 65. Tippecanoe Plaza Lafayette, IN | Fee | 100.0 | Built 1974 | 94,598 | Best Buy, Barnes & Noble |
| 66. University Center South Bend, IN | Fee | 60.0 | Built 1980 | 150,548 | Best Buy, Michaels, Service Merchandise |
| 67. Village Park Plaza Westfield, IN | Fee | 35.0 | Built 1990 | 503,070 | Wal-Mart, Galyan's, Frank's Nursery, Jo-Ann Fabrics, Kohl's, Marsh |
| 68. Wabash Village West Lafayette, IN | Ground Lease (2063) | 100.0 | Built 1970 | 124,748 | Kmart |

| Name/Location | Ownership Interest (Expiration if Lease) (1) | Simon Group's Percentage Interest (2) | Year Built or Acquired | Total GLA | Anchors |
|---|---|---|---|---|---|
| 69. Washington Plaza Indianapolis, IN | Fee | 100.0 | Built 1976 | 50,107 | Kids "R" Us |
| 70. Waterford Lakes Town Center Orlando, FL | Fee | 100.0 | Built 1999 | 544,048 | Super Target, T.J. Maxx, Barnes & Noble, Regal 20-Plex, Ross Dress for Less, Petsmart, Bed, Bath & Beyond, (11) |
| 71. West Ridge Plaza Topeka, KS | Fee | 100.0 | Built 1988 | 237,729 | Target, T.J. Maxx, Toys "R" Us, Magic Forest |
| 72. West Town Corners Altamonte Springs, FL | Fee | 23.3 | Built 1989 | 384,988 | Wal-Mart, Service Merchandise, Sports Authority, PetsMart, Winn Dixie |
| 73. Westland Park Plaza Orange Park, FL | Fee | 23.3 | Built 1989 | 163,154 | Burlington Coat Factory, PetsMart, Sports Authority |
| 74. White Oaks Plaza Springfield, IL | Fee | 100.0 | Built 1986 | 400,303 | Kohl's, Kids "R" Us, Office Max, T.J. Maxx, Toys "R" Us, Cub Foods |
| 75. Wichita Mall Wichita, KS | Ground Lease (2022) | 100.0 | Built 1969 | 379,461 | Ward, Office Max, (11) |
| 76. Willow Knolls Court Peoria, IL | Fee | 35.0 | Built 1990 | 382,377 | Kohl's, Phar-Mor, Sam's Wholesale Club, Willow Knolls Theaters 14 |
| 77. Wood Plaza Fort Dodge, IA | Ground Lease (2045) | 100.0 | Built 1968 | 94,993 | Country General |
| 78. Yards Plaza, The Chicago, IL | Fee | 35.0 | Built 1990 | 273,054 | Burlington Coat Factory, Ward, Dominick's (5) |

PROPERTIES UNDER CONSTRUCTION

| | | | | | | |
|---|---|---|---|---|---|---|
| 1. | Arundel Mills<br>Anne Arundel, MD | Fee | 37.5 | (31) | 1,400,000 | Sun & Ski Sports, For Your Entertainment, Iguana Amerimex, Jillian's, Bed, Bath & Beyond |
| 2. | Orlando Premium Outlets<br>Orlando, FL | Fee | 50.0 | (32) | 433,000 | |

Footnotes:

(1) The date listed is the expiration date of the last renewal option available to the SPG Operating Partnership under the ground lease. In a majority of the ground leases, the lessee has either a right of first refusal or the right to purchase the lessor's interest. Unless otherwise indicated, each ground lease listed in this column covers at least 50% of its respective Property.
(2) The SPG Operating Partnership's interests in some of the Properties held as joint venture interests are subject to preferences on distributions in favor of other partners or the SPG Operating Partnership.
(3) This retailer operates two stores at this Property.
(4) Primarily retail space with approximately 105,800 square feet of office space.
(5) Indicates anchor has closed, but the SPG Operating Partnership still collects rents and/or fees under an agreement.
(6) This Property is managed by a third party.
(7) Indicates ground lease covers less than 15% of the acreage of this Property .
(8) The SPG Operating Partnership receives substantially all of the economic benefit of these Properties.
(9) Indicates anchor is currently under construction.
(10) Indicates ground lease(s) cover(s) less than 50% of the acreage of the Property.
(11) Includes an anchor space currently vacant.
(12) Primarily retail space with approximately 119,900 square feet of office space.
(13) The SPG Operating Partnership sold its 50% interest effective January 31, 2000.
(14) The SPG Operating Partnership is entitled to 50% of the economic benefits of this property.
(15) Indicates ground lease covers all of the Property except for parcels owned in fee by anchors.
(16) Primarily retail space with approximately 52,000 square feet of office space.
(17) The SPG Operating Partnership assumed management effective January 1, 2000.
(18) Primarily retail space with approximately 69,900 square feet of office space.
(19) Primarily retail space with approximately 129,500 square feet of office space.
(20) Primarily retail space with approximately 73,800 square feet of office space.
(21) Includes outlots in which the SPG Operating Partnership has an 85% interest and which represent less than 3% of the GLA and total annualized base rent for the Property.
(22) The SPG Operating Partnership owns 60% of the original phase of this Property and 55% of phase II.
(23) Primarily retail space with approximately 167,100 square feet of office space.
(24) Primarily retail space with approximately 499,700 square feet of office space.
(25) Primarily office space with approximately 12,800 square feet of retail space.
(26) Primarily office space with approximately 24,300 square feet of retail space.
(27) Effective January 1, 2000, the SPG Operating Partnership acquired the remaining ownership interest in this property.
(28) Indicates ground lease covers outparcel only.
(29) The SPG Operating Partnership demolished the previously existing regional mall, Charles Towne Square, and is in the process of rebuilding this community center and a cinema on the land.
(30) The SPG Operating Partnership sold its interest effective February 18, 2000.
(31) Scheduled to open during the fall of 2000.
(32) Scheduled to open during the summer of 2000.

Land Held for Development

Simon Group has direct or indirect ownership interests in twelve parcels of land held for future development, containing an aggregate of approximately 866 acres located in eight states. In addition, Simon Group, through the Management Company, has interests in two parcels of land in Mt. Juliet, Tennessee and Gwinnett County, Georgia totaling 243 acres, which were previously held for development, but are now being marketed for sale.

Joint Ventures

At certain of the Properties held as joint-ventures, Simon Group and its partners each have rights of first refusal, subject to certain conditions, to acquire additional ownership in the Property should the other partner decide to sell its ownership interest. In addition, certain of the Properties held as joint ventures contain "buy-sell" provisions, which gives the partners the right to trigger a purchase or sale of ownership interest amongst the partners.

Mortgage Financing on Properties

The following table sets forth certain information regarding the mortgages and other debt encumbering the Properties. All mortgage and property related debt is nonrecourse, although certain Unitholders have guaranteed a portion of the property related debt in the aggregate amount of $643.7 million.

MORTGAGE AND OTHER DEBT ON PORTFOLIO PROPERTIES
(Dollars in thousands)

| Property Name | | Interest Rate | | Face Amount at 12/31/99 | Annual Debt Service | | Maturity Date | |
|---|---|---|---|---|---|---|---|---|
| Combined Consolidated Indebtedness: | | | | | | | | |
| Secured Indebtedness | | | | | | | | |
| Simon Property Group, L.P. : | | | | | | | | |
| Anderson Mall | (1) | 6.57% | | $ 19,000 | $ 1,248 | (2) | 3/15/03 | (4) |
| Anderson Mall | (1) | 7.01% | | 8,500 | 596 | (2) | 3/15/03 | (4) |
| Arboretum | | 7.32% | (3) | 34,000 | 2,490 | (2) | 11/30/03 | (4) |
| Arsenal Mall | | 6.75% | | 34,603 | 2,724 | | 9/28/08 | |
| Arsenal Mall | | 8.20% | | 2,268 | 286 | | 5/15/16 | |
| Battlefield Mall | | 7.50% | | 47,610 | 4,765 | | 1/1/04 | |
| Battlefield Mall | | 6.81% | | 44,567 | 3,524 | | 1/1/04 | |
| Biltmore Square | | 7.15% | | 25,765 | 2,795 | | 1/1/01 | |
| Bloomingdale Court | (5) | 7.78% | | 29,879 | 2,578 | | 10/1/09 | |
| Century III Mall | | 6.78% | | 66,000 | 4,475 | (2) | 7/1/03 | |
| Chesapeake Center | | 8.44% | | 6,563 | 554 | (2) | 5/15/15 | |
| Chesapeake Square | | 7.28% | | 46,739 | 4,883 | | 1/1/01 | |
| Cielo Vista Mall | (6) | 9.38% | | 54,502 | 5,672 | | 5/1/07 | |
| Cielo Vista Mall | (6) | 8.13% | | 1,731 | 156 | | 11/1/05 | |
| Cielo Vista Mall | (6) | 6.76% | | 38,584 | 3,039 | | 5/1/07 | |
| CMBS Loan - Fixed Component | (7) | 7.31% | | 175,000 | 12,790 | (2) | 12/15/07 | |
| CMBS Loan - Variable Component | (7) | 6.16% | (8) | 50,000 | 3,078 | (2) | 12/15/07 | |
| College Mall | (9) | 7.00% | | 41,598 | 3,908 | | 1/1/09 | |
| College Mall | (9) | 6.76% | | 11,883 | 935 | | 1/1/09 | |
| Columbia Center | | 7.62% | | 42,326 | 3,225 | (2) | 3/15/02 | |
| Crystal River | | 8.82% | (10) | 15,292 | 1,349 | (2) | 1/1/01 | |
| Eastgate Consumer Mall | | 6.82% | (11) | 22,929 | 1,564 | (2) | 3/29/02 | (4) |
| Eastland Mall (OK) | (12) | 6.81% | | 15,000 | 1,022 | (2) | 3/15/03 | (4) |
| Florida Mall, The | | 6.65% | | 90,000 | 5,985 | (2) | 2/28/00 | |
| Forest Mall | (12) | 6.57% | | 12,800 | 841 | (2) | 3/15/03 | (4) |
| Forest Mall | (12) | 6.81% | | 2,750 | 187 | (2) | 3/15/03 | (4) |
| Forest Plaza | (5) | 7.78% | | 16,388 | 1,414 | | 10/1/09 | |
| Forest Village Park Mall | (1) | 6.57% | | 20,600 | 1,353 | (2) | 3/15/03 | (4) |
| Forest Village Park Mall | (1) | 7.01% | | 1,250 | 88 | (2) | 3/15/03 | (4) |
| Forum Phase I - Class A-1 | | 7.13% | | 46,996 | 3,348 | (2) | 5/15/04 | |
| Forum Phase I - Class A-2 | | 6.19% | (13) | 44,386 | 2,747 | (2) | 5/15/04 | |
| Forum Phase II - Class A-1 | | 7.13% | | 43,004 | 3,064 | (2) | 5/15/04 | |
| Forum Phase II - Class A-2 | | 6.19% | (13) | 40,614 | 2,514 | (2) | 5/15/04 | |
| Golden Ring Mall | (12) | 6.57% | | 29,750 | 1,955 | (2) | 3/15/03 | (4) |
| Great Lakes Mall | | 6.74% | | 52,632 | 3,547 | (2) | 3/1/01 | |
| Great Lakes Mall | | 7.07% | | 8,489 | 600 | (2) | 3/1/01 | |
| Greenwood Park Mall | (9) | 7.00% | | 34,839 | 3,273 | | 1/1/09 | |
| Greenwood Park Mall | (9) | 6.76% | | 61,397 | 4,831 | | 1/1/09 | |
| Grove at Lakeland Square, The | | 8.44% | | 3,750 | 317 | (2) | 5/15/15 | |
| Gulf View Square | | 8.25% | | 37,064 | 3,652 | | 10/1/06 | |
| Highland Lakes Center | | 7.32% | (3) | 14,377 | 1,053 | (2) | 3/1/02 | |
| Hutchinson Mall | (12) | 8.44% | | 11,382 | 1,108 | | 3/15/03 | (4) |
| Hutchinson Mall | (12) | 6.81% | | 4,500 | 306 | (2) | 3/15/03 | (4) |
| Jefferson Valley Mall | | 6.37% | (14) | 50,000 | 3,186 | (2) | 1/12/00 | |
| Keystone at the Crossing | | 7.85% | | 63,569 | 5,642 | | 7/1/27 | |
| Lake View Plaza | (5) | 7.78% | | 21,785 | 1,880 | | 10/1/09 | |
| Lakeline Mall | | 7.65% | | 72,180 | 6,300 | | 5/1/07 | |
| Lakeline Plaza | (5) | 7.78% | | 23,883 | 2,061 | | 10/1/09 | |
| Lima Mall | | 7.12% | | 14,180 | 1,010 | (2) | 3/1/02 | |
| Lima Mall | | 7.12% | | 4,723 | 336 | (2) | 3/1/02 | |
| Lincoln Crossing | (5) | 7.78% | | 3,298 | 285 | | 10/1/09 | |
| Longview Mall | (1) | 6.57% | | 22,100 | 1,452 | (2) | 3/15/03 | (4) |
| Longview Mall | (1) | 7.01% | | 5,500 | 386 | (2) | 3/15/03 | (4) |

| | | | | | |
|---|---|---|---|---|---|
| Mainland Crossing | | 7.32% (3) | 1,603 | 117 (2) | 3/31/02 |
| Markland Mall | (12) | 6.57% | 10,000 | 657 (2) | 3/15/03 (4) |
| Matteson Plaza | (5) | 7.78% | 9,593 | 828 | 10/1/09 |
| McCain Mall | (6) | 9.38% | 25,450 | 2,721 | 5/1/07 |
| McCain Mall | (6) | 6.76% | 17,809 | 1,402 | 5/1/07 |
| Melbourne Square | | 7.42% | 38,869 | 3,374 | 2/1/05 |
| Miami International Mall | | 6.91% | 45,920 | 3,758 | 12/21/03 |
| Midland Park Mall | (12) | 6.57% | 22,500 | 1,478 (2) | 3/15/03 (4) |
| Midland Park Mall | (12) | 6.81% | 5,500 | 375 (2) | 3/15/03 (4) |
| Muncie Plaza | (5) | 7.78% | 8,294 | 716 | 10/1/09 |
| Net Lease (Atlanta) | | 8.00% | 868 | 263 | 12/1/02 |
| Net Lease (Braintree) | | 9.75% | 22 | 66 | 4/1/00 |
| Net Lease (Chattanooga) | | 6.80% | 625 | 274 | 5/31/02 |
| North East Mall | | 7.20% (15) | 73,636 | 5,300 (2) | 5/21/04 (4) |
| North Riverside Park Plaza | | 9.38% | 3,769 | 452 | 9/1/02 |
| North Riverside Park Plaza | | 10.00% | 3,617 | 420 | 9/1/02 |
| North Towne Square | (12) | 6.57% | 23,500 | 1,544 (2) | 3/15/03 (4) |
| Northgate Shopping Center | | 7.62% | 79,035 | 6,022 (2) | 3/15/02 |
| Orland Square | | 7.74% (16) | 50,000 | 3,871 (2) | 9/1/01 |
| Paddock Mall | | 8.25% | 29,478 | 2,905 | 10/1/06 |
| Palm Beach Mall | | 7.50% | 49,419 | 4,803 | 12/15/02 |
| Port Charlotte Town Center | | 7.28% | 45,024 | 3,857 | 1/1/01 |
| Port Charlotte Town Center | | 7.28% | 7,075 | 591 | 1/1/01 |
| Randall Park Mall | | 7.33% | 35,000 | 2,566 (2) | 12/11/00 |
| Randall Park Mall | | 7.33% | 5,000 | 367 (2) | 12/11/00 |
| Regency Plaza | (5) | 7.78% | 4,497 | 388 | 10/1/09 |
| Richmond Towne Square | | 6.82% (11) | 45,898 | 3,131 (2) | 7/15/03 (4) |
| River Oaks Center | | 8.67% | 32,500 | 2,818 (2) | 6/1/02 |
| Shops @ Mission Viejo | | 6.87% (17) | 110,068 | 7,564 (2) | 9/14/03 (4) |
| South Park Mall | (1) | 7.25% | 19,508 | 1,717 | 3/15/03 (4) |
| South Park Mall | (1) | 7.01% | 6,876 | 570 | 3/15/03 (4) |
| St. Charles Towne Plaza | (5) | 7.78% | 28,780 | 2,483 | 10/1/09 |
| Sunland Park Mall | (18) | 8.63% | 39,125 | 3,773 | 1/1/26 |
| Tacoma Mall | | 7.62% | 92,474 | 7,047 (2) | 3/15/02 |
| Terrace at Florida Mall, The | | 8.44% | 4,688 | 396 (2) | 5/15/15 |
| Tippecanoe Mall | (9) | 8.45% | 45,485 | 4,647 | 1/1/05 |
| Tippecanoe Mall | (9) | 6.81% | 15,845 | 1,253 | 1/1/05 |
| Towne East Square | (9) | 7.00% | 54,998 | 5,167 | 1/1/09 |
| Towne East Square | (9) | 6.81% | 24,758 | 1,958 | 1/1/09 |
| Treasure Coast Square | | 7.42% | 52,427 | 4,714 | 1/1/06 |
| Treasure Coast Square | | 8.06% | 11,992 | 1,127 | 1/1/06 |
| Trolley Square | | 5.81% | 19,000 | 1,104 (2) | 7/23/00 (19) |
| Trolley Square | | 7.32% (3) | 4,641 | 340 (2) | 7/23/00 |
| Trolley Square | | 7.32% (3) | 3,500 | 256 (2) | 7/23/00 |
| University Park Mall | | 7.43% | 59,500 | 4,421 (2) | 10/1/07 |
| Valle Vista Mall | (6) | 9.38% | 33,707 | 3,604 | 5/1/07 |
| Valle Vista Mall | (6) | 6.81% | 7,916 | 626 | 5/1/07 |
| Waterford Lakes | | 7.22% (20) | 30,336 | 2,191 (2) | 8/16/04 (4) |
| West Ridge Plaza | (5) | 7.78% | 5,796 | 500 | 10/1/09 |
| White Oaks Mall | | 7.41% (21) | 16,500 | 1,223 (2) | 3/1/00 |
| White Oaks Plaza | (5) | 7.78% | 17,688 | 1,526 | 10/1/09 |
| Windsor Park Mall | | 8.00% | 5,694 | 544 | 6/1/00 |
| Windsor Park Mall | | 8.00% | 8,749 | 787 | 5/1/12 |
| | | | $3,087,077 | | |
| SPG Reality Consultants, L.P.: | | | | | |
| Net Lease (Norfolk) | | 8.50% | 110 | 116 | 11/30/01 |
| Total Consolidated Secured Indebtedness | | | $3,087,187 | | |

Unsecured Indebtedness

| | | | | |
|---|---|---|---|---|
| Simon Property Group, L.P. : | | | | |
| Medium Term Notes - 1 | 7.13% | 100,000 | 7,125 (22) | 6/24/05 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Medium Term Notes - 2 | | 7.13% | | 180,000 | 12,825 | (22) | 9/20/07 | |
| Putable Asset Trust Securities | | 6.75% | | 100,000 | 6,750 | (22) | 11/15/03 | |
| Unsecured Term Loan | | 6.62% | (23) | 150,000 | 9,934 | (2) | 2/28/02 | (4) |
| Unsecured Notes - 1 | | 6.88% | | 250,000 | 17,188 | (22) | 11/15/06 | |
| Unsecured Notes - 2A | | 6.75% | | 100,000 | 6,750 | (22) | 7/15/04 | |
| Unsecured Notes - 2B | | 7.00% | | 150,000 | 10,500 | (22) | 7/15/09 | |
| Unsecured Notes - 3 | | 6.88% | | 150,000 | 10,313 | (22) | 10/27/05 | |
| Unsecured Notes - 4A | | 6.63% | | 375,000 | 24,844 | (22) | 6/15/03 | |
| Unsecured Notes - 4B | | 6.75% | | 300,000 | 20,250 | (22) | 6/15/05 | |
| Unsecured Notes - 4C | | 7.38% | | 200,000 | 14,750 | (22) | 6/15/18 | |
| Unsecured Notes - 5A | | 6.75% | | 300,000 | 20,250 | (22) | 2/9/04 | |
| Unsecured Notes - 5B | | 7.13% | | 300,000 | 21,375 | (22) | 2/9/09 | |
| Unsecured Revolving Credit Facility | | 6.47% | (24) | 785,000 | 50,809 | (2) | 8/25/02 | |
| Acquisition Facility - 2 | | 6.47% | (25) | 450,000 | 29,126 | (2) | 3/24/00 | |
| Acquisition Facility - 3 | | 6.47% | (25) | 500,000 | 32,363 | (2) | 9/24/00 | |
| Mandatory Par Put Remarketed Securities | | 7.00% | (26) | 200,000 | 14,000 | (22) | 6/15/08 | |
| | | | | 4,590,000 | | | | |
| Shopping Center Associates: | | | | | | | | |
| Unsecured Notes - SCA 1 | | 6.75% | | 150,000 | 10,125 | (22) | 1/15/04 | |
| Unsecured Notes - SCA 2 | | 7.63% | | 110,000 | 8,388 | (22) | 5/15/05 | |
| | | | | 260,000 | | | | |
| The Retail Property Trust: | | | | | | | | |
| Unsecured Notes - CPI 1 | | 9.00% | | 250,000 | 22,500 | (22) | 3/15/02 | |
| Unsecured Notes - CPI 2 | | 7.05% | | 100,000 | 7,050 | (22) | 4/1/03 | |
| Unsecured Notes - CPI 3 | | 7.75% | | 150,000 | 11,625 | (22) | 8/15/04 | |
| Unsecured Notes - CPI 4 | | 7.18% | | 75,000 | 5,385 | (22) | 9/1/13 | |
| Unsecured Notes - CPI 5 | | 7.88% | | 250,000 | 19,688 | (22) | 3/15/16 | |
| | | | | 825,000 | | | | |
| Total Combined Consolidated Unsecured Indebtedness | | | | $5,675,000 | | | | |
| Total Combined Consolidated Indebtedness at Face Amounts | | | | $8,762,187 | | | | |
| Net Premium on Indebtedness | | | | $ 6,764 | | | | |
| Total Combined Consolidated Indebtedness | | | | $8,768,951 (27) | | | | |
| Joint Venture Indebtedness (28): | | | | | | | | |
| Apple Blossom Mall | | 7.99% | | 40,926 | 3,874 | | 9/10/09 | |
| Arizona Mills | | 7.12% | (29) | 142,216 | 10,129 | (2) | 2/1/02 | (4) |
| Atrium at Chestnut Hill | | 7.29% | | 42,846 | 4,139 | | 4/1/01 | |
| Atrium at Chestnut Hill | | 8.16% | | 11,725 | 1,125 | | 4/1/01 | |
| Auburn Mall | | 7.99% | | 47,913 | 4,222 | | 9/10/09 | |
| Aventura Mall | | 6.55% | | 141,000 | 9,231 | (2) | 4/6/08 | |
| Aventura Mall | | 6.60% | | 25,400 | 1,675 | (2) | 4/6/08 | |
| Aventura Mall | | 6.89% | | 33,600 | 2,314 | (2) | 4/6/08 | |
| Avenues, The | | 8.36% | | 56,951 | 5,555 | | 5/15/03 | |
| Cape Cod Mall | | 7.62% | (30) | 59,665 | 4,548 | (2) | 4/1/03 | (4) |
| Circle Centre Mall | | 6.26% | (31) | 60,000 | 3,758 | (2) | 1/31/04 | (4) |
| Circle Centre Mall | | 7.32% | (32) | 7,500 | 549 | (2) | 1/31/04 | (4) |
| CMBS Loan - Fixed Component | (33) | 7.41% | | 300,000 | 22,229 | (2) | 5/1/06 | |
| CMBS Loan - Floating Component | (33) | 6.32% | | 185,000 | 11,693 | (2) | 5/1/03 | |
| Cobblestone Court | | 7.22% | (34) | 6,180 | 446 | (2) | 11/30/05 | |
| Concord Mills | | 7.17% | (35) | 164,442 | 11,795 | (2) | 12/2/03 | (4) |
| Coral Square | | 7.40% | | 53,300 | 3,944 | (2) | 12/1/00 | |
| Crystal Court | | 7.22% | (34) | 3,570 | 258 | (2) | 11/30/05 | |
| Crystal Mall | | 8.66% | | 49,235 | 5,384 | | 2/1/03 | |
| Dadeland Mall | | 6.52% | (36) | 140,000 | 9,132 | (2) | 12/10/00 | |
| Emerald Square Mall | | 9.16% | | 157,500 | 14,427 | (2) | 4/1/00 | |
| Fairfax Court | | 7.22% | (34) | 10,320 | 745 | (2) | 11/30/05 | |

| | | | | |
|---|---|---|---|---|
| Gaitway Plaza | 7.22% (34) | 7,350 | 531 (2) | 11/30/05 |
| Grapevine Mills | 6.47% | 155,000 | 10,029 (2) | 10/1/08 |
| Great Northeast Plaza | 9.04% | 17,519 | 2,110 | 6/1/06 |
| Greendale Mall | 8.23% | 42,000 | 3,457 (2) | 11/1/06 |
| Gwinnett Place | 7.54% | 39,446 | 3,412 | 4/1/07 |
| Gwinnett Place | 7.25% | 85,960 | 7,070 | 4/1/07 |
| Highland Mall | 9.75% | 7,453 | 1,655 | 12/1/09 |
| Highland Mall | 8.50% | 188 | 116 | 10/1/01 |
| Highland Mall | 9.50% | 1,822 | 607 | 11/1/01 |
| Indian River Commons | 7.58% | 8,399 | 637 (37) | 11/1/04 |
| Indian River Mall | 7.58% | 46,602 | 3,532 (37) | 11/1/04 |
| Lakeland Square | 7.26% | 51,840 | 4,368 | 12/22/03 |
| Liberty Tree Mall | 7.32% (3) | 47,319 | 4,176 | 10/1/01 |
| Liberty Tree Mall | 9.98% (38) | 8,377 | 925 | 10/1/01 |
| Mall at Rockingham | 7.62% (39) | 100,000 | 7,793 (2) | 8/24/00 |
| Mall of America | 6.69% (40) | 312,000 | 20,881 (2) | 11/19/03 |
| Mall of Georgia | 7.09% | 200,000 | 14,180 (2) | 7/1/10 |
| Mall of Georgia Crossing | 7.25% | 23,931 | 1,735 (2) | 6/10/06 (4) |
| Mall of New Hampshire | 6.96% | 104,779 | 8,345 | 10/1/08 |
| Mall of New Hampshire | 8.53% | 8,483 | 987 | 10/1/08 |
| Metrocenter | 8.45% | 30,769 | 3,028 | 2/28/08 |
| Montreal Forum | 6.50% (41) | 11,011 | 716 (2) | 1/31/02 |
| Northfield Square | 9.52% | 23,753 | 2,575 | 4/1/00 |
| Northshore Mall | 9.05% | 161,000 | 14,571 (2) | 5/14/04 |
| Ontario Mills | 0.00% (42) | 5,000 | 300 (40) | 12/28/09 |
| Ontario Mills | 6.75% | 143,594 | 11,042 | 11/2/08 |
| Orlando Premium Outlets | 7.32% (43) | 20,845 | 1,526 (2) | 2/12/04 (4) |
| Plaza at Buckland Hills, The | 7.22% (34) | 17,680 | 1,276 (2) | 11/30/05 |
| Ridgewood Court | 7.22% (34) | 7,980 | 576 (2) | 11/30/05 |
| Royal Eagle Plaza | 7.22% (34) | 7,920 | 572 (2) | 11/30/05 |
| Seminole Towne Center | 6.88% | 70,500 | 4,850 (2) | 1/1/06 |
| Shops at Sunset Place, The | 7.07% (44) | 102,191 | 7,227 (2) | 6/30/02 (4) |
| Smith Haven Mall | 7.86% | 115,000 | 9,039 (2) | 6/1/06 |
| Solomon Pond | 7.83% | 96,250 | 8,564 | 2/1/04 |
| Source, The | 6.65% | 124,000 | 8,246 (2) | 11/6/08 |
| Square One | 8.40% | 105,825 | 10,138 | 12/1/01 |
| Tower Shops, The | 7.02% (45) | 12,900 | 906 | 3/13/00 |
| Town Center at Cobb | 7.54% | 50,205 | 4,347 | 4/1/07 |
| Town Center at Cobb | 7.25% | 65,471 | 5,381 | 4/1/07 |
| Village Park Plaza | 7.22% (34) | 8,960 | 647 (2) | 11/30/05 |
| West Town Corners | 7.22% (34) | 10,330 | 746 (2) | 11/30/05 |
| West Town Mall | 6.90% | 76,000 | 5,244 (2) | 5/1/08 |
| Westchester, The | 8.74% | 150,849 | 14,478 | 9/1/05 |
| Westchester, The | 7.20% | 53,674 | 4,402 | 9/1/05 |
| Westland Park Plaza | 7.22% (34) | 4,950 | 357 (2) | 11/30/05 |
| Willow Knolls Court | 7.22% (34) | 6,490 | 469 (2) | 11/30/05 |
| Yards Plaza, The | 7.22% (34) | 8,270 | 597 (2) | 11/30/05 |
| Total Joint Venture Indebtedness at Face Amounts | | $4,499,174 | | |
| Premium on Indebtedness | | $ 22,521 | | |
| Total Joint Venture Indebtedness | | $4,521,695 (46) | | |

(Footnotes on following page)

(Footnotes for preceding pages)

(1) Loans secured by these four Properties are cross-collateralized and cross-defaulted.
(2) Requires monthly payment of interest only.
(3) LIBOR + 1.500%.
(4) Includes applicable extension available at the SPG Operating Partnership's option.
(5) These eleven Properties are cross-collateralized and cross-defaulted.
(6) These three Properties are cross-collateralized and cross-defaulted.
(7) Secured by cross-collateralized and cross-dafaulted mortgages encumbering seven of the Properties (Bay Park Square, Boardman Plaza, Cheltenham Square, De Soto Square, Upper Valley Mall, Washington Square, and West Ridge Mall).
(8) LIBOR + 0.365%, through an interest rate protection agreement is effectively fixed at an all-in-one rate of 6.16%.
(9) Loans secured by these four Properties are cross-collateralized and cross-defaulted.
(10) LIBOR + 3.000%.
(11) LIBOR + 1.000%.
(12) Loans secured by these seven Properties are cross-collateralized and cross-defaulted.
(13) LIBOR + 0.300%, through an interest rate protection agreement is effectively fixed at an all-in-one rate of 6.19%.
(14) LIBOR + 0.550%, with LIBOR capped at 8.700% through maturity.
(15) LIBOR + 1.375%.
(16) LIBOR + 0.500%, with LIBOR swapped at 7.24% through maturity.
(17) LIBOR + 1.050%.
(18) Lender also participates in a percentage of certain gross receipts above a specified base.
(19) July 23, 2000 is the earliest date on which the lender may call the bonds.
(20) LIBOR + 1.400%.
(21) LIBOR + 1.300%, with LIBOR set using a 90 day rate.
(22) Requires semi-annual payments of interest only.
(23) LIBOR + 0.800%.
(24) $1,250,000 unsecured revolving credit facility. Currently, bears interest at LIBOR + 0.650% and provides for different pricing based upon the SPG Operating Partnership's investment grade rating. Two interest rate caps currently limit LIBOR on $90,000 and $50,000 of this indebtedness to 11.53% and 16.77%, respectively. As of 12/31/99, $460,519 was available after outstanding borrowings and letters of credit.
(25) LIBOR + 0.650%. Consists of two tranches of $450,000 and $500,000 due 03/24/00 and 09/24/00, respectively. Commitments have been received in excess of $450,000 to refinance the first tranche for one year. SPG and the SPG Operating Partnership are co-obligors of this debt.
(26) The MOPPRS have an actual maturity of June 15, 2028, but are subject to mandatory tender on June 16, 2008.
(27) Includes minority interest partners' share of consolidated indebtedness of $160,517.
(28) As defined in the accompanying consolidated financial statements, Joint Venture Properties are those accounted for using the equity method of accounting.
(29) LIBOR + 1.300%, with LIBOR capped at 9.500% through maturity.
(30) LIBOR + 1.800%.
(31) LIBOR + 0.440%, with LIBOR capped at 8.81% through maturity.
(32) LIBOR + 1.500%, with LIBOR capped at 7.75% through maturity.
(33) These Commercial Mortgage Notes are secured by cross-collateralized mortgages encumbering thirteen Properties (Eastland Mall, Empire East, Empire Mall, Granite Run Mall, Mesa Mall, Lake Square, Lindale Mall, Northpark Mall, Southern Hills Mall, Southpark Mall, Southridge Mall, Rushmore Mall, and Valley Mall). A weighted average rate is used for each component. The floating component has an interest protection agreement which caps LIBOR at 11.67%.
(34) The interest rate on this cross-collateralized and cross-defaulted mortgage is fixed at 7.22% through November of 2000 and thereafter the rate is the greater of 7.22% or 2.00% over the then current yield of a six month treasury bill selected by lender.
(35) LIBOR + 1.350%.
(36) LIBOR + 0.700%.
(37) Loans require monthly interest payments only until they begin amortizing November, 2000.
(38) LIBOR + 4.160%.
(39) LIBOR + 1.970%.
(40) LIBOR + 0.870%, with LIBOR capped at 8.130% through April 30, 2000.
(41) Canadian Prime.
(42) Beginning January 2000, this note will bear interest at 6.000%.
(43) LIBOR + 1.500%, rate may be reduced based upon project performance.
(44) LIBOR + 1.250%, rate may be reduced based upon project performance.
(45) LIBOR + 1.200%.
(46) Includes outside partners' share of indebtedness of $2,635,335 and indebtedness of an affiliate of $37,097.

Item 3. Legal Proceedings

The information set forth in Note 13 to Combined Financial Statements in the Companies' Annual Report to Shareholders filed as Exhibit 13.1 regarding pending material litigation is incorporated herein by reference.

Simon Group is subject to routine litigation and administrative proceedings arising in the ordinary course of its business, none of which are expected to have a material adverse effect on its financial position or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Part II

Item 5. Market for the Registrants' Common Equity and Related Stockholder Matters

Market Information

The Paired Shares trade on the New York Stock Exchange ("NYSE") under the symbol "SPG". The quarterly price range on the NYSE for the Paired Shares (and for the common shares of SPG's predecessor prior to the CPI Merger) and the distributions declared per share for each quarter in the last two fiscal years are shown below:

| | High | Low | Close | Declared Distribution |
|---|---|---|---|---|
| 1999 | | | | |
| 1st Quarter | 28 3/4 | 23 7/8 | 27 7/16 | $ 0.5050 |
| 2nd Quarter | 30 15/16 | 25 3/8 | 25 3/8 | $ 0.5050 |
| 3rd Quarter | 27 1/2 | 22 7/16 | 22 7/16 | $ 0.5050 |
| 4th Quarter | 24 1/2 | 20 7/16 | 22 15/16 | $ 0.5050 |
| 1998 | | | | |
| 1st Quarter | 34 1/2 | 30 3/8 | 34 1/4 | $ 0.5050 |
| 2nd Quarter | 34 7/8 | 31 | 32 1/2 | $ 0.5050 |
| 3rd Quarter | 34 1/4 | 25 13/16 | 29 3/4 | $ 0.5050 |
| 4th Quarter | 30 7/8 | 26 1/8 | 28 1/2 | $ 0.5050 (1) |

(1) Includes a $0.4721 distribution declared in the third quarter of 1998, but not payable until the fourth quarter of 1998, related to the CPI Merger, designated to align the time periods of distribution payments of the merged companies. The current annual distribution rate is $2.02 per Paired Share.

There is no established public trading market for SPG's Class B common stock or Class C common stock. Distributions per share of the Class B and Class C common stock were identical to the other Paired Shares.

Holders

The number of holders of record of the Paired Shares was 2,500 as of March 16, 2000. Additionally, the Class B common stock is held entirely by a voting trust to which Melvin Simon, Herbert Simon, David Simon and certain of their affiliates are parties and is exchangeable on a one-for-one basis into Paired Shares, and the Class C common stock is held entirely by The Edward J. DeBartolo Corporation and is also exchangeable on a one-for-one basis into Paired Shares.

Distributions

SPG qualifies as a REIT under the Code. To maintain its status as a REIT, SPG is required each year to distribute to its shareholders at least 95% of its taxable income after certain adjustments.

Future distributions paid by the Companies will be at the discretion of the Boards of Directors and will depend on the actual cash flow of the Companies, their financial condition, capital requirements, the annual REIT distribution requirements and such other factors as the Board of Directors of the Companies deem relevant.

The Companies have an Automatic Dividend Reinvestment Plan (the "Plan") which allows shareholders to acquire additional Paired Shares by automatically reinvesting cash dividends. Paired Shares are acquired pursuant to the Plan at a price equal to the prevailing market price of such Paired Shares, without payment of any brokerage commission or service charge. Shareholders who do not participate in the Plan continue to receive cash dividends, as declared.

Unregistered Sales of Equity Securities

The Registrants did not issue any equity securities that were not required to be registered under the Securities Act of 1933, as amended (the "Act") during the fourth quarter of 1999, except as follows: On October 15, 1999, SPG issued 1,000,000 shares of 8.00% Series E Cumulative Redeemable Preferred Stock to an institutional investor in connection with a property acquisition. The foregoing transaction was exempt from registration under the Act in reliance on Section 4 (2).

Item 6. Selected Financial Data

The information required by this item is incorporated herein by reference to the Selected Financial Data section of the Companies' Annual Report to Shareholders which is filed as Exhibit 13.1 to this Form 10-K.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information required by this item is incorporated herein by reference to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Companies' Annual Report to Shareholders which is filed as Exhibit 13.1 to this Form 10-K.

Item 7A. Qualitative and Quantitative Disclosure About Market Risk

The information required by this item is incorporated herein by reference to the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Companies' Annual Report to Shareholders under the caption Liquidity and Capital Resources, which is filed as Exhibit 13.1 to this Form 10-K.

Item 8. Financial Statements and Supplementary Data

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

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

## Part III

### Item 10. Directors and Executive Officers of the Registrants

The information required by this item is incorporated herein by reference to the Companies' definitive Proxy Statements for their annual meetings of shareholders to be filed with the Commission pursuant to Regulation 14A and is included under the caption "EXECUTIVE OFFICERS OF THE REGISTRANTS" in Part I hereof.

### Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the Companies' definitive Proxy Statements for their annual meetings of shareholders to be filed with the Commission pursuant to Regulation 14A.

### Item 12. Security Ownership of Certain Beneficial Owners and Management

The information required by this item is incorporated herein by reference to the Companies' definitive Proxy Statements for their annual meetings of shareholders to be filed with the Commission pursuant to Regulation 14A.

### Item 13. Certain Relationships and Related Transactions

The information required by this item is incorporated herein by reference to the Companies' definitive Proxy Statements for their annual meetings of shareholders to be filed with the Commission pursuant to Regulation 14A

PART IV

Item 14. Exhibits, Financial Statements, Schedules and Reports on Form 8-K

(a) (1) Financial Statements

The Companies' combined and individual financial statements and independent auditors' report are incorporated herein by reference to the financial statements and independent auditors' report in the Companies' Annual Report to Shareholders, which are filed as Exhibit 13.1. Additionally, the Report of Ernst & Young LLP on SRC's 1997 audited financial statements which are incorporated herein by reference is filed as Exhibit 99.1. In addition, the financial statements of Mill Creek, a significant subsidiary of SRC, which are filed as Exhibit 99.2 are incorporated herein by reference.



(b) Reports on Form 8-K

One Form 8-K was filed during the fourth quarter ended December 31, 1999.

On November 15, 1999 under Item 5 - Other Events, SPG reported that it made available additional ownership and operational information concerning Simon Group and the properties owned or managed as of September 30, 1999, in the form of a Supplemental Information package. A copy of the package was included as an exhibit to the 8-K filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the Registrants have duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIMON PROPERTY GROUP, INC. AND
SPG REALTY CONSULTANTS, INC.

By /s/ David Simon
---------------------------
David Simon
Chief Executive Officer

March 23, 2000

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

| Signature | Capacity | Date |
|---|---|---|
| /s/ David Simon<br>David Simon | Chief Executive Officer and Director (Principal Executive Officer) | March 23, 2000 |
| /s/ Herbert Simon<br>Herbert Simon | Co-Chairman of the Board of Directors | March 23, 2000 |
| /s/ Melvin Simon<br>Melvin Simon | Co-Chairman of the Board of Directors | March 23, 2000 |
| /s/ Hans C. Mautner<br>Hans C. Mautner | Vice Chairman of the Board of Directors | March 23, 2000 |
| /s/ Richard Sokolov<br>Richard Sokolov | President, Chief Operating Officer and Director | March 23, 2000 |
| /s/ Robert E. Angelica<br>Robert E. Angelica | Director | March 23, 2000 |
| /s/ Birch Bayh<br>Birch Bayh | Director | March 23, 2000 |
| /s/ Pieter S. van den Berg<br>Pieter S. van den Berg | Director | March 23, 2000 |
| /s/ G. William Miller<br>G. William Miller | Director | March 23, 2000 |
| /s/ Fredrick W. Petri<br>Fredrick W. Petri | Director | March 23, 2000 |
| /s/ J. Albert Smith<br>J. Albert Smith | Director | March 23, 2000 |
| /s/ Philip J. Ward<br>Philip J. Ward | Director | March 23, 2000 |

| | | |
|---|---|---|
| /s/ M. Denise DeBartolo York<br>- --------------------------------<br>M. Denise DeBartolo York | Director | March 23, 2000 |
| /s/ John Dahl<br>- --------------------------------<br>John Dahl | Senior Vice President<br>(Principal Accounting Officer) | March 23, 2000 |
| Principal Financial Officers: | | |
| /s/ Stephen E. Sterrett<br>- --------------------------------<br>Stephen E. Sterrett | Treasurer | March 23, 2000 |
| /s/ James R. Giuliano III<br>- --------------------------------<br>James R. Giuliano III | Senior Vice President | March 23, 2000 |

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULE

To the Board of Directors of
Simon Property Group, Inc.:

We have audited in accordance with auditing standards generally accepted in the United States, the financial statements of SIMON PROPERTY GROUP, INC. and SPG REALTY CONSULTANTS, INC. included in this Form 10-K and have issued our report thereon dated February 16, 2000. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule, "Schedule III: Real Estate and Accumulated Depreciation", as of December 31, 1999, of Simon Property Group, Inc. and SPG Realty Consultants, Inc. is the responsibility of the Companies' management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana,
February 16, 2000.

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1999 SCHEDULE III

(Dollars in thousands)

| Name, Location | Encumbrances | Initial Cost: Land | Initial Cost: Buildings and Improvements | Cost Capitalized Subsequent to Acquisition: Land | Cost Capitalized Subsequent to Acquisition: Buildings and Improvements |
|---|---|---|---|---|---|
| Regional Malls | | | | | |
| Alton Square, Alton, IL | $ 0 | $ 154 | $ 7,641 | $ 0 | $11,835 |
| Amigoland Mall, Brownsville, TX | 0 | 1,045 | 4,518 | 0 | 954 |
| Anderson Mall, Anderson, SC | 27,500 | 1,712 | 18,122 | 1,363 | 4,506 |
| Arsenal Mall, Watertown, MA | 36,871 | 0 | 62,206 | 0 | 0 |
| Arsenal Mall HCHP, Watertown, MA | 0 | 0 | 3,922 | 0 | 0 |
| Aurora Mall, Aurora, CO | 0 | 11,400 | 55,692 | 0 | 1,024 |
| Barton Creek Square, Austin, TX | 0 | 4,414 | 20,699 | 771 | 31,860 |
| Battlefield Mall, Springfield, MO | 92,177 | 4,039 | 29,769 | 3,225 | 37,097 |
| Bay Park Square, Green Bay, WI | 24,848 | 6,864 | 25,623 | 362 | 2,653 |
| Bergen Mall, Paramus, NJ | 0 | 11,020 | 92,541 | 0 | 6,888 |
| Biltmore Square, Asheville, NC | 25,765 | 10,908 | 19,315 | 0 | 1,117 |
| Boynton Beach Mall, Boynton Beach, FL | 0 | 33,758 | 67,710 | 0 | 5,288 |
| Brea Mall, Brea, CA | 0 | 39,500 | 209,202 | 0 | 1,394 |
| Broadway Square, Tyler, TX | 0 | 11,470 | 32,439 | 0 | 3,862 |
| Brunswick Square, East Brunswick, NJ | 0 | 8,436 | 55,838 | 0 | 11,570 |
| Burlington Mall, Burlington, MA | 0 | 46,600 | 303,618 | 0 | 717 |
| Castleton Square, Indianapolis, IN | 0 | 44,860 | 80,963 | 2,500 | 28,145 |
| Century III Mall, West Mifflin, PA | 66,000 | 17,251 | 117,822 | 0 | 1,758 |
| Charlottesville Fashion Square, Charlottesville, VA | 0 | 0 | 54,738 | 0 | 1,170 |
| Chautauqua Mall, Jamestown, NY | 0 | 3,257 | 9,641 | 0 | 13,740 |
| Cheltenham Square, Philadelphia, PA | 34,226 | 14,227 | 43,799 | 0 | 3,553 |
| Chesapeake Square, Chesapeake, VA | 46,739 | 11,534 | 70,461 | 0 | 2,737 |
| Cielo Vista Mall, El Paso, TX | 94,817 | 1,307 | 18,512 | 608 | 18,507 |
| College Mall, Bloomington, IN | 53,481 | 1,012 | 16,245 | 722 | 19,465 |
| Columbia Center, Kennewick, WA | 42,326 | 27,170 | 58,185 | 0 | 6,080 |
| Cordova Mall, Pensacola, FL | 0 | 18,800 | 75,880 | (158) | 1,335 |
| Cottonwood Mall, Albuquerque, NM | 0 | 13,145 | 69,173 | (981) | (77) |
| Crossroads Mall, Omaha, NE | 0 | 884 | 37,293 | 409 | 28,715 |
| Crystal River Mall, Crystal River, FL | 15,292 | 11,650 | 14,252 | 0 | 3,569 |
| DeSoto Square, Bradenton, FL | 38,880 | 9,380 | 52,716 | 0 | 4,102 |
| Eastern Hills Mall, Buffalo, NY | 0 | 15,444 | 47,604 | 12 | 3,626 |
| Eastland Mall, Tulsa, OK | 15,000 | 3,124 | 24,035 | 518 | 6,625 |
| Edison Mall, Fort Myers, FL | 0 | 11,529 | 107,381 | 0 | 3,803 |
| Fashion Mall at Keystone at the Crossing, Indianapolis, IN | 63,569 | 0 | 120,579 | 0 | 2,041 |
| Forest Mall, Fond Du Lac, WI | 15,550 | 728 | 4,498 | 0 | 5,979 |
| Forest Village Park, Forestville, MD | 21,850 | 1,212 | 4,625 | 757 | 4,303 |
| Fremont Mall, Fremont, NE | 0 | 26 | 1,280 | 265 | 3,003 |
| Golden Ring Mall, Baltimore, MD | 29,750 | 1,130 | 8,955 | 572 | 8,691 |
| Great Lakes Mall, Cleveland, OH | 61,121 | 14,607 | 100,362 | 0 | 4,265 |
| Greenwood Park Mall, Greenwood, IN | 96,236 | 2,607 | 23,500 | 5,275 | 58,683 |
| Gulf View Square, Port Richey, FL | 37,064 | 13,690 | 39,997 | 0 | 7,069 |
| Haywood Mall, Greenville, SC | 0 | 11,604 | 133,893 | 0 | 252 |
| Heritage Park, Midwest City, OK | 0 | 598 | 6,213 | 0 | 2,363 |

| Name, Location | Gross Amounts At Which Carried At Close of Period: Land | Buildings and Improvements | Total(1) | Accumulated Depreciation(2) | Date of Construction |
|---|---|---|---|---|---|
| Regional Malls | | | | | |
| Alton Square, Alton, IL | $ 154 | $ 19,476 | $ 19,630 | $ 3,142 | 1993 (Note 3) |
| Amigoland Mall, Brownsville, TX | 1,045 | 5,472 | 6,517 | 1,890 | 1974 |
| Anderson Mall, Anderson, SC | 3,075 | 22,628 | 25,703 | 5,918 | 1972 |
| Arsenal Mall, Watertown, MA | 0 | 62,206 | 62,206 | 251 | 1999 (Note 4) |
| Arsenal Mall HCHP, Watertown, MA | 0 | 3,922 | 3,922 | 14 | 1999 (Note 4) |
| Aurora Mall, Aurora, CO | 11,400 | 56,716 | 68,116 | 2,024 | 1998 (Note 4) |
| Barton Creek Square, Austin, TX | 5,185 | 52,559 | 57,744 | 10,939 | 1981 |
| Battlefield Mall, Springfield, MO | 7,264 | 66,866 | 74,130 | 14,716 | 1970 |
| Bay Park Square, Green Bay, WI | 7,226 | 28,276 | 35,502 | 2,706 | 1996 (Note 4) |
| Bergen Mall, Paramus, NJ | 11,020 | 99,429 | 110,449 | 9,320 | 1996 (Note 4) |
| Biltmore Square, Asheville, NC | 10,908 | 20,432 | 31,340 | 2,164 | 1996 (Note 4) |
| Boynton Beach Mall, Boynton Beach, FL | 33,758 | 72,998 | 106,756 | 7,327 | 1996 (Note 4) |
| Brea Mall, Brea, CA | 39,500 | 210,596 | 250,096 | 7,506 | 1998 (Note 4) |
| Broadway Square, Tyler, TX | 11,470 | 36,301 | 47,771 | 5,447 | 1994 (Note 3) |
| Brunswick Square, East Brunswick, NJ | 8,436 | 67,408 | 75,844 | 5,827 | 1996 (Note 4) |
| Burlington Mall, Burlington, MA | 46,600 | 304,335 | 350,935 | 10,910 | 1998 (Note 4) |
| Castleton Square, Indianapolis, IN | 47,360 | 109,108 | 156,468 | 9,540 | 1996 (Note 4) |
| Century III Mall, West Mifflin, PA | 17,251 | 119,580 | 136,831 | 25,684 | 1999 (Note 4) |
| Charlottesville Fashion Square, Charlottesville, VA | 0 | 55,908 | 55,908 | 3,743 | 1997 (Note 4) |
| Chautauqua Mall, Jamestown, NY | 3,257 | 23,381 | 26,638 | 2,309 | 1996 (Note 4) |
| Cheltenham Square, Philadelphia, PA | 14,227 | 47,352 | 61,579 | 4,801 | 1996 (Note 4) |
| Chesapeake Square, Chesapeake, VA | 11,534 | 73,198 | 84,732 | 7,045 | 1996 (Note 4) |
| Cielo Vista Mall, El Paso, TX | 1,915 | 37,019 | 38,934 | 11,034 | 1974 |
| College Mall, Bloomington, IN | 1,734 | 35,710 | 37,444 | 10,114 | 1965 |
| Columbia Center, Kennewick, WA | 27,170 | 64,265 | 91,435 | 6,328 | 1996 (Note 4) |

| | | | | | |
|---|---|---|---|---|---|
| Cordova Mall, Pensacola, FL | 18,642 | 77,215 | 95,857 | 4,395 | 1998 (Note 4) |
| Cottonwood Mall, Albuquerque, NM | 12,164 | 69,096 | 81,260 | 9,351 | 1996 |
| Crossroads Mall, Omaha, NE | 1,293 | 66,008 | 67,301 | 8,850 | 1994 (Note 3) |
| Crystal River Mall, Crystal River, FL | 11,650 | 17,821 | 29,471 | 1,713 | 1996 (Note 4) |
| DeSoto Square, Bradenton, FL | 9,380 | 56,818 | 66,198 | 5,675 | 1996 (Note 4) |
| Eastern Hills Mall, Buffalo, NY | 15,456 | 51,230 | 66,686 | 5,140 | 1996 (Note 4) |
| Eastland Mall, Tulsa, OK | 3,642 | 30,660 | 34,302 | 6,700 | 1986 |
| Edison Mall, Fort Myers, FL | 11,529 | 111,184 | 122,713 | 7,117 | 1997 (Note 4) |
| Fashion Mall at Keystone at the Crossing, Indianapolis, IN | 0 | 122,620 | 122,620 | 6,974 | 1997 (Note 4) |
| Forest Mall, Fond Du Lac, WI | 728 | 10,477 | 11,205 | 2,399 | 1973 |
| Forest Village Park, Forestville, MD | 1,969 | 8,928 | 10,897 | 2,479 | 1980 |
| Fremont Mall, Fremont, NE | 291 | 4,283 | 4,574 | 807 | 1966 |
| Golden Ring Mall, Baltimore, MD | 1,702 | 17,646 | 19,348 | 5,588 | 1974 (Note 3) |
| Great Lakes Mall, Cleveland, OH | 14,607 | 104,627 | 119,234 | 10,386 | 1996 (Note 4) |
| Greenwood Park Mall, Greenwood, IN | 7,882 | 82,183 | 90,065 | 17,666 | 1979 |
| Gulf View Square, Port Richey, FL | 13,690 | 47,066 | 60,756 | 4,260 | 1996 (Note 4) |
| Haywood Mall, Greenville, SC | 11,604 | 134,145 | 145,749 | 11,174 | 1999 (Note 4) |
| Heritage Park, Midwest City, OK | 598 | 8,576 | 9,174 | 2,804 | 1978 |

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.
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(Dollars in thousands)

| Name, Location | Encumbrances | Initial Cost: Land | Initial Cost: Buildings and Improvements | Cost Capitalized Subsequent to Acquisition: Land | Cost Capitalized Subsequent to Acquisition: Buildings and Improvements |
|---|---|---|---|---|---|
| Hutchinson Mall, Hutchison, KS | 15,882 | 1,683 | 18,427 | 0 | 2,998 |
| Independence Center, Independence, MO | 0 | 5,539 | 45,822 | 0 | 15,864 |
| Ingram Park Mall, San Antonio, TX | 0 | 820 | 17,163 | 169 | 14,644 |
| Irving Mall, Irving, TX | 0 | 6,737 | 17,479 | 2,533 | 24,468 |
| Jefferson Valley Mall, Yorktown Heights, NY | 50,000 | 4,868 | 30,304 | 0 | 4,409 |
| Knoxville Center, Knoxville, TN | 0 | 5,006 | 21,965 | 3,712 | 34,547 |
| Lakeline Mall, N. Austin, TX | 72,180 | 14,948 | 81,568 | 0 | 210 |
| La Plaza, McAllen, TX | 0 | 2,194 | 9,828 | 7,454 | 14,173 |
| Lafayette Square, Indianapolis, IN | 0 | 25,546 | 43,294 | 0 | 9,361 |
| Laguna Hills Mall, Laguna Hills, CA | 0 | 28,074 | 55,689 | 0 | 3,239 |
| Lenox Square, Atlanta, GA | 0 | 41,900 | 492,411 | 0 | 1,842 |
| Lima Mall, Lima, OH | 18,903 | 7,910 | 35,495 | 0 | 3,733 |
| Lincolnwood Town Center, Lincolnwood, IL | 0 | 11,197 | 63,490 | 28 | 1,286 |
| Livingston Mall, Livingston, NJ | 0 | 30,200 | 105,250 | 0 | 438 |
| Longview Mall, Longview, TX | 27,600 | 270 | 3,602 | 124 | 7,138 |
| Machesney Park Mall, Rockford, IL | 0 | 614 | 7,438 | 120 | 4,189 |
| Markland Mall, Kokomo, IN | 0 | 0 | 7,568 | 0 | 2,763 |
| Mc Cain Mall, N. Little Rock, AR | 43,259 | 0 | 9,515 | 0 | 8,099 |
| Melbourne Square, Melbourne, FL | 38,869 | 20,552 | 51,110 | 0 | 4,656 |
| Memorial Mall, Sheboygan, WI | 0 | 175 | 4,881 | 0 | 853 |
| Menlo Park Mall, Edison, NJ | 0 | 65,684 | 223,252 | 0 | 5,574 |
| Miami International Mall, Miami, FL | 45,920 | 13,794 | 69,701 | 8,942 | 4,105 |
| Midland Park Mall, Midland, TX | 28,000 | 687 | 9,213 | 0 | 6,533 |
| Miller Hill Mall, Duluth, MN | 0 | 2,537 | 18,113 | 0 | 9,208 |
| Mission Viejo Mall, Mission Viejo, CA | 110,068 | 9,139 | 54,445 | 5,613 | 117,736 |
| Mounds Mall, Anderson, IN | 0 | 0 | 2,689 | 0 | 2,291 |
| Muncie Mall, Muncie, IN | 8,294 | 172 | 5,964 | 52 | 21,231 |
| Nanuet Mall, Nanuet, NY | 0 | 27,700 | 162,993 | 0 | 991 |
| North East Mall, Hurst, TX | 73,636 | 1,347 | 13,473 | 2,961 | 119,444 |
| North Towne Square, Toledo, OH | 23,500 | 579 | 8,382 | 0 | 2,072 |
| Northgate Mall, Seattle, WA | 79,035 | 89,991 | 57,873 | 0 | 18,920 |
| Northlake Mall, Atlanta, GA | 0 | 33,400 | 98,035 | 0 | 149 |
| Northwoods Mall, Peoria, IL | 0 | 1,203 | 12,779 | 1,449 | 26,976 |
| Oak Court Mall, Memphis, TN | 0 | 15,673 | 57,304 | 0 | 1,666 |
| Ocean County Mall, Toms River, NJ | 0 | 20,900 | 124,945 | 0 | 1,015 |
| Orange Park Mall, Jacksonville, FL | 0 | 13,345 | 65,173 | 0 | 14,769 |
| Orland Square, Orland Park, IL | 50,000 | 36,770 | 129,906 | 0 | 2,098 |
| Paddock Mall, Ocala, FL | 29,478 | 20,420 | 30,490 | 0 | 4,743 |
| Palm Beach Mall, West Palm Beach, FL | 49,419 | 12,549 | 112,741 | 0 | 20,933 |
| Phipps Plaza, Atlanta, GA | 0 | 19,200 | 210,783 | 0 | 1,783 |
| Port Charlotte Town Center, Port Charlotte, FL | 52,099 | 5,561 | 59,381 | 0 | 8,769 |
| Prien Lake Mall, Lake Charles, LA | 0 | 1,893 | 2,829 | 3,091 | 35,256 |

| Name, Location | Gross Amounts At Which Carried At Close of Period: Land | Buildings and Improvements | Total(1) | Accumulated Depreciation(2) | Date of Construction |
|---|---|---|---|---|---|
| Hutchinson Mall, Hutchison, KS | 1,683 | 21,425 | 23,108 | 5,147 | 1985 |
| Independence Center, Independence, MO | 5,539 | 61,686 | 67,225 | 8,017 | 1994 (Note 3) |
| Ingram Park Mall, San Antonio, TX | 989 | 31,807 | 32,796 | 9,468 | 1979 |
| Irving Mall, Irving, TX | 9,270 | 41,947 | 51,217 | 10,991 | 1971 |
| Jefferson Valley Mall, Yorktown Heights, NY | 4,868 | 34,713 | 39,581 | 8,690 | 1983 |
| Knoxville Center, Knoxville, TN | 8,718 | 56,512 | 65,230 | 8,836 | 1984 |
| Lakeline Mall, N. Austin, TX | 14,948 | 81,778 | 96,726 | 7,342 | 1999 (Note 4) |
| La Plaza, McAllen, TX | 9,648 | 24,001 | 33,649 | 3,698 | 1976 |
| Lafayette Square, Indianapolis, IN | 25,546 | 52,655 | 78,201 | 5,184 | 1996 (Note 4) |
| Laguna Hills Mall, Laguna Hills, CA | 28,074 | 58,928 | 87,002 | 3,818 | 1997 (Note 4) |
| Lenox Square, Atlanta, GA | 41,900 | 494,253 | 536,153 | 17,609 | 1998 (Note 4) |
| Lima Mall, Lima, OH | 7,910 | 39,228 | 47,138 | 3,819 | 1996 (Note 4) |
| Lincolnwood Town Center, Lincolnwood, IL | 11,225 | 64,776 | 76,001 | 14,756 | 1990 |
| Livingston Mall, Livingston, NJ | 30,200 | 105,688 | 135,888 | 3,763 | 1998 (Note 4) |
| Longview Mall, Longview, TX | 394 | 10,740 | 11,134 | 2,684 | 1978 |
| Machesney Park Mall, Rockford, IL | 734 | 11,627 | 12,361 | 3,879 | 1979 |
| Markland Mall, Kokomo, IN | 0 | 10,331 | 10,331 | 2,165 | 1968 |
| Mc Cain Mall, N. Little Rock, AR | 0 | 17,614 | 17,614 | 5,950 | 1973 |
| Melbourne Square, Melbourne, FL | 20,552 | 55,766 | 76,318 | 5,378 | 1996 (Note 4) |
| Memorial Mall, Sheboygan, WI | 175 | 5,734 | 5,909 | 1,613 | 1969 |
| Menlo Park Mall, Edison, NJ | 65,684 | 228,826 | 294,510 | 14,858 | 1997 (Note 4) |

| | | | | | |
|---|---|---|---|---|---|
| Miami International Mall, Miami, FL | 22,736 | 73,806 | 96,542 | 21,944 | 1996 (Note 4) |
| Midland Park Mall, Midland, TX | 687 | 15,746 | 16,433 | 4,739 | 1980 |
| Miller Hill Mall, Duluth, MN | 2,537 | 27,321 | 29,858 | 5,470 | 1973 |
| Mission Viejo Mall, Mission Viejo, CA | 14,752 | 172,181 | 186,933 | 6,877 | 1996 (Note 4) |
| Mounds Mall, Anderson, IN | 0 | 4,980 | 4,980 | 2,054 | 1965 |
| Muncie Mall, Muncie, IN | 224 | 27,195 | 27,419 | 4,502 | 1970 |
| Nanuet Mall, Nanuet, NY | 27,700 | 163,984 | 191,684 | 5,877 | 1998 (Note 4) |
| North East Mall, Hurst, TX | 4,308 | 132,917 | 137,225 | 5,349 | 1996 (Note 4) |
| North Towne Square, Toledo, OH | 579 | 10,454 | 11,033 | 4,730 | 1980 |
| Northgate Mall, Seattle, WA | 89,991 | 76,793 | 166,784 | 6,984 | 1996 (Note 4) |
| Northlake Mall, Atlanta, GA | 33,400 | 98,184 | 131,584 | 3,502 | 1998 (Note 4) |
| Northwoods Mall, Peoria, IL | 2,652 | 39,755 | 42,407 | 9,719 | 1983 (Note 3) |
| Oak Court Mall, Memphis, TN | 15,673 | 58,970 | 74,643 | 3,901 | 1997 (Note 4) |
| Ocean County Mall, Toms River, NJ | 20,900 | 125,960 | 146,860 | 4,489 | 1998 (Note 4) |
| Orange Park Mall, Jacksonville, FL | 13,345 | 79,942 | 93,287 | 11,030 | 1994 (Note 3) |
| Orland Square, Orland Park, IL | 36,770 | 132,004 | 168,774 | 8,206 | 1997 (Note 4) |
| Paddock Mall, Ocala, FL | 20,420 | 35,233 | 55,653 | 3,366 | 1996 (Note 4) |
| Palm Beach Mall, West Palm Beach, FL | 12,549 | 133,674 | 146,223 | 15,092 | 1998 (Note 4) |
| Phipps Plaza, Atlanta, GA | 19,200 | 212,566 | 231,766 | 7,583 | 1998 (Note 4) |
| Port Charlotte Town Center, Port Charlotte, FL | 5,561 | 68,150 | 73,711 | 6,003 | 1996 (Note 4) |
| Prien Lake Mall, Lake Charles, LA | 4,984 | 38,085 | 43,069 | 4,153 | 1972 |

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.
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(Dollars in thousands)

| | | Initial Cost | | Cost Capitalized Subsequent to Acquisition | |
|---|---|---|---|---|---|
| Name, Location | Encumbrances | Land | Buildings and Improvements | Land | Buildings and Improvements |
| Raleigh Springs Mall, Memphis, TN | 0 | 9,137 | 28,604 | 0 | 7,014 |
| Randall Park Mall, Cleveland, OH | 40,000 | 4,421 | 52,456 | 0 | 18,073 |
| Richardson Square, Dallas, TX | 0 | 4,867 | 6,329 | 1,075 | 11,338 |
| Richmond Towne Square, Cleveland, OH | 45,898 | 2,666 | 12,112 | 0 | 52,961 |
| Richmond Square, Richmond, IN | 0 | 3,410 | 11,343 | 0 | 9,037 |
| River Oaks Center, Calumet City, IL | 32,500 | 30,884 | 101,224 | 0 | 2,064 |
| Rockaway Townsquare, Rockaway, NJ | 0 | 50,500 | 218,557 | 0 | 2,479 |
| Rolling Oaks Mall, North San Antonio, TX | 0 | 2,647 | 38,609 | (70) | 1,788 |
| Roosevelt Field, Garden City, NY | 0 | 165,006 | 702,008 | 2,096 | 3,657 |
| Ross Park Mall, Pittsburgh, PA | 0 | 14,557 | 50,995 | 9,617 | 48,819 |
| Santa Rosa Plaza, Santa Rosa, CA | 0 | 10,400 | 87,864 | 0 | 815 |
| South Hills Village, Pittsburgh, PA | 0 | 23,453 | 125,858 | 0 | 708 |
| South Park Mall, Shreveport, LA | 26,384 | 855 | 13,684 | 74 | 2,806 |
| South Shore Plaza, Braintree, MA | 0 | 101,200 | 301,495 | 0 | 1,339 |
| Southern Park Mall, Youngstown, OH | 0 | 16,982 | 77,774 | 97 | 16,294 |
| Southgate Mall, Yuma, AZ | 0 | 1,817 | 7,974 | 0 | 3,415 |
| St Charles Towne Center | | | | | |
| Waldorf, MD | 28,780 | 9,329 | 52,974 | 1,180 | 10,833 |
| Summit Mall, Akron, OH | 0 | 23,742 | 42,769 | 0 | 13,191 |
| Sunland Park Mall, El Paso, TX | 39,125 | 2,896 | 28,900 | 0 | 4,682 |
| Tacoma Mall, Tacoma, WA | 92,474 | 39,263 | 125,826 | 0 | 10,289 |
| Tippecanoe Mall, Lafayette, IN | 61,330 | 4,187 | 8,474 | 5,517 | 33,545 |
| Town Center at Boca Raton | | | | | |
| Boca Raton, FL | 0 | 64,200 | 307,511 | 0 | 17,927 |
| Towne East Square, Wichita, KS | 79,756 | 9,495 | 18,479 | 2,042 | 11,626 |
| Towne West Square, Wichita, KS | 0 | 972 | 21,203 | 76 | 7,947 |
| Treasure Coast Square, Jenson Beach, FL | 64,419 | 11,124 | 73,108 | 3,067 | 10,479 |
| Tyrone Square, St. Petersburg, FL | 0 | 15,638 | 120,962 | 0 | 12,662 |
| University Mall, Little Rock, AR | 0 | 123 | 17,411 | 0 | 1,117 |
| University Mall, Pensacola, FL | 0 | 4,741 | 26,657 | 0 | 3,506 |
| University Park Mall, South Bend, IN | 59,500 | 15,105 | 61,466 | 0 | 9,063 |
| Upper Valley Mall, Springfield, OH | 30,940 | 8,421 | 38,745 | 0 | 1,626 |
| Valle Vista Mall, Harlingen, TX | 41,623 | 1,398 | 17,266 | 372 | 8,158 |
| Virginia Center Commons, Richmond, VA | 0 | 9,764 | 50,547 | 4,149 | 3,462 |
| Walt Whitman Mall, Huntington Station, NY | 0 | 51,700 | 111,170 | 3,789 | 24,388 |
| Washington Square, Indianapolis, IN | 33,541 | 20,146 | 41,248 | 0 | 5,912 |
| West Ridge Mall, Topeka, KS | 5,796 | 5,652 | 34,132 | 197 | 5,553 |
| Westminster Mall, Westminster, CA | 0 | 45,200 | 84,709 | 0 | 899 |
| White Oaks Mall, Springfield, IL | 16,500 | 3,024 | 35,692 | 1,153 | 14,109 |
| Windsor Park Mall, San Antonio, TX | 14,442 | 1,194 | 16,940 | 130 | 3,430 |
| Woodville Mall, Toledo, OH | 0 | 1,831 | 4,454 | 0 | 951 |
| Community Shopping Centers | | | | | |
| Arboretum, The, Austin, TX | 34,000 | 7,640 | 36,778 | 71 | 1,620 |
| Arvada Plaza, Arvada, CO | 0 | 70 | 342 | 608 | 825 |
| Aurora Plaza, Aurora, CO | 0 | 35 | 5,754 | 0 | 1,039 |
| Bloomingdale Court, Bloomingdale, IL | 29,879 | 8,764 | 26,184 | 0 | 1,889 |

| | Gross Amounts At Which Carried At Close of Period | | | | |
|---|---|---|---|---|---|
| Name, Location | Land | Buildings and Improvements | Total (1) | Accumulated Depreciation (2) | Date of Construction |
| Raleigh Springs Mall, Memphis, TN | 9,137 | 35,618 | 44,755 | 3,068 | 1996 (Note 4) |
| Randall Park Mall, Cleveland, OH | 4,421 | 70,529 | 74,950 | 6,019 | 1996 (Note 4) |
| Richardson Square, Dallas, TX | 5,942 | 17,667 | 23,609 | 1,679 | 1996 (Note 4) |
| Richmond Towne Square, Cleveland, OH | 2,666 | 65,073 | 67,739 | 2,416 | 1996 (Note 4) |
| Richmond Square, Richmond, IN | 3,410 | 20,380 | 23,790 | 2,055 | 1996 (Note 4) |
| River Oaks Center, Calumet City, IL | 30,884 | 103,288 | 134,172 | 6,358 | 1997 (Note 4) |
| Rockaway Townsquare, Rockaway, NJ | 50,500 | 221,036 | 271,536 | 7,843 | 1998 (Note 4) |
| Rolling Oaks Mall, North San Antonio, TX | 2,577 | 40,397 | 42,974 | 10,877 | 1998 (Note 4) |
| Roosevelt Field, Garden City, NY | 167,102 | 705,665 | 872,767 | 25,156 | 1998 (Note 4) |
| Ross Park Mall, Pittsburgh, PA | 24,174 | 99,814 | 123,988 | 13,370 | 1996 (Note 4) |
| Santa Rosa Plaza, Santa Rosa, CA | 10,400 | 88,679 | 99,079 | 3,186 | 1998 (Note 4) |
| South Hills Village, Pittsburgh, PA | 23,453 | 126,566 | 150,019 | 7,629 | 1997 (Note 4) |
| South Park Mall, Shreveport, LA | 929 | 16,490 | 17,419 | 5,417 | 1975 |
| South Shore Plaza, Braintree, MA | 101,200 | 302,834 | 404,034 | 10,860 | 1998 (Note 4) |
| Southern Park Mall, Youngstown, OH | 17,079 | 94,068 | 111,147 | 9,307 | 1996 (Note 4) |
| Southgate Mall, Yuma, AZ | 1,817 | 11,389 | 13,206 | 2,720 | 1988 (Note 3) |
| St Charles Towne Center | | | | | |
| Waldorf, MD | 10,509 | 63,807 | 74,316 | 15,715 | 1990 |
| Summit Mall, Akron, OH | 23,742 | 55,960 | 79,702 | 5,914 | 1996 (Note 4) |
| Sunland Park Mall, El Paso, TX | 2,896 | 33,582 | 36,478 | 9,568 | 1988 |
| Tacoma Mall, Tacoma, WA | 39,263 | 136,115 | 175,378 | 13,015 | 1996 (Note 4) |
| Tippecanoe Mall, Lafayette, IN | 9,704 | 42,019 | 51,723 | 11,774 | 1973 |
| Town Center at Boca Raton | | | | | |
| Boca Raton, FL | 64,200 | 325,438 | 389,638 | 10,560 | 1998 (Note 4) |
| Towne East Square, Wichita, KS | 11,537 | 30,105 | 41,642 | 9,189 | 1975 |
| Towne West Square, Wichita, KS | 1,048 | 29,150 | 30,198 | 8,264 | 1980 |

| | | | | | |
|---|---|---|---|---|---|
| Treasure Coast Square, Jenson Beach, FL | 14,191 | 83,587 | 97,778 | 7,560 | 1996 (Note 4) |
| Tyrone Square, St. Petersburg, FL | 15,638 | 133,624 | 149,262 | 12,477 | 1996 (Note 4) |
| University Mall, Little Rock, AR | 123 | 18,528 | 18,651 | 5,488 | 1967 |
| University Mall, Pensacola, FL | 4,741 | 30,163 | 34,904 | 4,648 | 1994 (Note 3) |
| University Park Mall, South Bend, IN | 15,105 | 70,529 | 85,634 | 32,852 | 1996 (Note 4) |
| Upper Valley Mall, Springfield, OH | 8,421 | 40,371 | 48,792 | 4,070 | 1996 (Note 4) |
| Valle Vista Mall, Harlingen, TX | 1,770 | 25,424 | 27,194 | 6,430 | 1983 |
| Virginia Center Commons, Richmond, VA | 13,913 | 54,009 | 67,922 | 4,977 | 1996 (Note 4) |
| Walt Whitman Mall, Huntington Station, NY | 55,489 | 135,558 | 191,047 | 6,720 | 1998 (Note 4) |
| Washington Square, Indianapolis, IN | 20,146 | 47,160 | 67,306 | 4,407 | 1996 (Note 4) |
| West Ridge Mall, Topeka, KS | 5,849 | 39,685 | 45,534 | 8,929 | 1988 |
| Westminster Mall, Westminster, CA | 45,200 | 85,608 | 130,808 | 3,036 | 1998 (Note 4) |
| White Oaks Mall, Springfield, IL | 4,177 | 49,801 | 53,978 | 8,633 | 1977 |
| Windsor Park Mall, San Antonio, TX | 1,324 | 20,370 | 21,694 | 6,019 | 1976 |
| Woodville Mall, Toledo, OH | 1,831 | 5,405 | 7,236 | 663 | 1996 (Note 4) |
| Community Shopping Centers | | | | | |
| Arboretum, The, Austin, TX | 7,711 | 38,398 | 46,109 | 1,196 | 1998 (Note 4) |
| Arvada Plaza, Arvada, CO | 678 | 1,167 | 1,845 | 404 | 1966 |
| Aurora Plaza, Aurora, CO | 35 | 6,793 | 6,828 | 2,086 | 1966 |
| Bloomingdale Court, Bloomingdale, IL | 8,764 | 28,073 | 36,837 | 4,985 | 1987 |

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1999 SCHEDULE III

(Dollars in thousands)

| Name, Location | Encumbrances | Initial Cost Land | Initial Cost Buildings and Improvements | Cost Capitalized Subsequent to Acquisition Land | Cost Capitalized Subsequent to Acquisition Buildings and Improvements |
|---|---|---|---|---|---|
| Boardman Plaza, Youngstown, OH | 18,277 | 8,189 | 26,355 | 0 | 2,024 |
| Bridgeview Court, Bridgeview, IL | 0 | 302 | 3,638 | 0 | 704 |
| Brightwood Plaza, Indianapolis, IN | 0 | 65 | 128 | 0 | 252 |
| Buffalo Grove Towne Center, Buffalo Grove, IL | 0 | 1,345 | 6,602 | 121 | 379 |
| Celina Plaza, El Paso, TX | 0 | 138 | 815 | 0 | 100 |
| Century Mall, Merrillville, IN | 0 | 2,190 | 9,589 | 0 | 1,410 |
| Charles Towne Square, Charleston, SC | 0 | 446 | 1,768 | 425 | 11,090 |
| Chesapeake Center, Chesapeake, VA | 6,563 | 5,352 | 12,279 | 0 | 102 |
| Countryside Plaza, Countryside, IL | 0 | 1,243 | 8,507 | 0 | 602 |
| Eastgate Consumer Mall, Indianapolis, IN | 22,929 | 424 | 4,722 | 187 | 2,705 |
| Eastland Plaza, Tulsa, OK | 0 | 908 | 3,709 | 0 | 0 |
| Forest Plaza, Rockford, IL | 16,388 | 4,187 | 16,818 | 453 | 626 |
| Fox River Plaza, Elgin, IL | 0 | 2,908 | 9,453 | 0 | 148 |
| Glen Burnie Mall, Glen Burnie, MD | 0 | 7,422 | 22,778 | 0 | 2,595 |
| Great Lakes Plaza, Cleveland, OH | 0 | 1,028 | 2,025 | 0 | 3,366 |
| Greenwood Plus, Greenwood, IN | 0 | 1,350 | 1,792 | 0 | 3,757 |
| Griffith Park Plaza, Griffith, IN | 0 | 0 | 2,412 | 0 | 135 |
| Grove at Lakeland Square, The, Lakeland, FL | 3,750 | 5,237 | 6,016 | 0 | 1,031 |
| Hammond Square, Sandy Springs, GA | 0 | 0 | 27 | 0 | 1 |
| Highland Lakes Center, Orlando, FL | 14,377 | 13,951 | 18,490 | 0 | 454 |
| Ingram Plaza, San Antonio, TX | 0 | 421 | 1,802 | 4 | 21 |
| Keystone Shoppes, Indianapolis, IN | 0 | 0 | 4,232 | 0 | (7) |
| Knoxville Commons, Knoxville, TN | 0 | 3,731 | 5,345 | 0 | 1,787 |
| Lake Plaza, Waukegan, IL | 0 | 2,812 | 6,420 | 0 | 364 |
| Lake View Plaza, Orland Park, IL | 21,785 | 4,775 | 17,586 | 0 | 2,115 |
| Lakeline Plaza, Austin, TX | 23,883 | 5,929 | 25,732 | 0 | 5,696 |
| Lima Center, Lima, OH | 0 | 1,808 | 5,151 | 0 | 123 |
| Lincoln Crossing, O'Fallon, IL | 3,298 | 1,047 | 2,692 | 0 | 192 |
| Mainland Crossing, Galveston, TX | 1,603 | 1,609 | 1,737 | 0 | 221 |
| Markland Plaza, Kokomo, IN | 10,000 | 210 | 1,258 | 0 | 453 |
| Martinsville Plaza, Martinsville, VA | 0 | 0 | 584 | 0 | 50 |
| Marwood Plaza, Indianapolis, IN | 0 | 52 | 3,597 | 0 | 107 |
| Matteson Plaza, Matteson, IL | 9,593 | 1,830 | 9,737 | 0 | 1,986 |
| Memorial Plaza, Sheboygan, WI | 0 | 250 | 436 | 0 | 857 |
| Mounds Mall Cinema, Anderson, IN | 0 | 88 | 158 | 0 | 1 |
| Muncie Plaza, Muncie, IN | 0 | 626 | 10,626 | (163) | (5) |
| New Castle Plaza, New Castle, IN | 0 | 128 | 1,621 | 0 | 645 |
| Shops at North East Plaza, The, Hurst, TX | 0 | 8,988 | 2,198 | 3,553 | 25,979 |
| North Ridge Plaza, Joliet, IL | 0 | 2,831 | 7,699 | 0 | 451 |
| North Riverside Park Plaza, N. Riverside, IL | 7,386 | 1,062 | 2,490 | 0 | 644 |
| Northland Plaza, Columbus, OH | 0 | 4,490 | 8,893 | 0 | 1,034 |
| Northwood Plaza, Fort Wayne, IN | 0 | 302 | 2,922 | 0 | 584 |
| Park Plaza, Hopkinsville, KY | 0 | 300 | 1,572 | 0 | 211 |
| Regency Plaza, St. Charles, MO | 4,497 | 616 | 4,963 | 0 | 151 |

| Name, Location | Gross Amounts At Which Carried At Close of Period Land | Buildings and Improvements | Total (1) | Accumulated Depreciation (2) | Date of Construction |
|---|---|---|---|---|---|
| Boardman Plaza, Youngstown, OH | 8,189 | 28,379 | 36,568 | 2,713 | 1996 (Note 4) |
| Bridgeview Court, Bridgeview, IL | 302 | 4,342 | 4,644 | 985 | 1988 |
| Brightwood Plaza, Indianapolis, IN | 65 | 380 | 445 | 147 | 1965 |
| Buffalo Grove Towne Center, Buffalo Grove, IL | 1,466 | 6,981 | 8,447 | 787 | 1988 |
| Celina Plaza, El Paso, TX | 138 | 915 | 1,053 | 221 | 1978 |
| Century Mall, Merrillville, IN | 2,190 | 10,999 | 13,189 | 4,019 | 1992 (Note 3) |
| Charles Towne Square, Charleston, SC | 871 | 12,858 | 13,729 | 333 | 1976 |
| Chesapeake Center, Chesapeake, VA | 5,352 | 12,381 | 17,733 | 1,216 | 1996 (Note 4) |
| Countryside Plaza, Countryside, IL | 1,243 | 9,109 | 10,352 | 2,507 | 1977 |
| Eastgate Consumer Mall, Indianapolis, IN | 611 | 7,427 | 8,038 | 3,216 | 1991 (Note 3) |
| Eastland Plaza, Tulsa, OK | 908 | 3,709 | 4,617 | 725 | 1986 |
| Forest Plaza, Rockford, IL | 4,640 | 17,444 | 22,084 | 3,022 | 1985 |
| Fox River Plaza, Elgin, IL | 2,908 | 9,601 | 12,509 | 1,623 | 1985 |
| Glen Burnie Mall, Glen Burnie, MD | 7,422 | 25,373 | 32,795 | 2,535 | 1996 (Note 4) |
| Great Lakes Plaza, Cleveland, OH | 1,028 | 5,391 | 6,419 | 663 | 1996 (Note 4) |
| Greenwood Plus, Greenwood, IN | 1,350 | 5,549 | 6,899 | 950 | 1979 (Note 3) |
| Griffith Park Plaza, Griffith, IN | 0 | 2,547 | 2,547 | 792 | 1979 |
| Grove at Lakeland Square, The, Lakeland, FL | 5,237 | 7,047 | 12,284 | 791 | 1996 (Note 4) |
| Hammond Square, Sandy Springs, GA | 0 | 28 | 28 | 9 | 1974 |
| Highland Lakes Center, Orlando, FL | 13,951 | 18,944 | 32,895 | 1,934 | 1996 (Note 4) |
| Ingram Plaza, San Antonio, TX | 425 | 1,823 | 2,248 | 670 | 1980 |
| Keystone Shoppes, Indianapolis, IN | 0 | 4,225 | 4,225 | 241 | 1997 (Note 4) |
| Knoxville Commons, Knoxville, TN | 3,731 | 7,132 | 10,863 | 1,355 | 1987 |

| | | | | | |
|---|---|---|---|---|---|
| Lake Plaza, Waukegan, IL | 2,812 | 6,784 | 9,596 | 1,088 | 1986 |
| Lake View Plaza, Orland Park, IL | 4,775 | 19,701 | 24,476 | 2,953 | 1986 |
| Lakeline Plaza, Austin, TX | 5,929 | 31,428 | 37,357 | 1,280 | 1999 (Note 4) |
| Lima Center, Lima, OH | 1,808 | 5,274 | 7,082 | 509 | 1996 (Note 4) |
| Lincoln Crossing, O'Fallon, IL | 1,047 | 2,884 | 3,931 | 449 | 1990 |
| Mainland Crossing, Galveston, TX | 1,609 | 1,958 | 3,567 | 220 | 1996 (Note 4) |
| Markland Plaza, Kokomo, IN | 210 | 1,711 | 1,921 | 613 | 1974 |
| Martinsville Plaza, Martinsville, | 0 | 634 | 634 | 400 | 1967 |
| Marwood Plaza, Indianapolis, IN | 52 | 3,704 | 3,756 | 842 | 1962 |
| Matteson Plaza, Matteson, IL | 1,830 | 11,723 | 13,553 | 2,033 | 1988 |
| Memorial Plaza, Sheboygan, WI | 250 | 1,293 | 1,543 | 407 | 1966 |
| Mounds Mall Cinema, Anderson, IN | 88 | 159 | 247 | 60 | 1974 |
| Muncie Plaza, Muncie, IN | 463 | 10,621 | 11,084 | 644 | 1998 |
| New Castle Plaza, New Castle, IN | 128 | 2,266 | 2,394 | 725 | 1966 |
| Shops at North East Plaza, The, Hurst, TX | 12,541 | 28,177 | 40,718 | 164 | |
| North Ridge Plaza, Joliet, IL | 2,831 | 8,150 | 10,981 | 1,442 | 1985 |
| North Riverside Park Plaza, N. Riverside, IL | 1,062 | 3,134 | 4,196 | 983 | 1977 |
| Northland Plaza, Columbus, OH | 4,490 | 9,927 | 14,417 | 1,523 | 1988 |
| Northwood Plaza, Fort Wayne, IN | 302 | 3,506 | 3,808 | 1,015 | 1974 |
| Park Plaza, Hopkinsville, KY | 300 | 1,783 | 2,083 | 457 | 1968 |
| Regency Plaza, St. Charles, MO | 616 | 5,114 | 5,730 | 793 | 1988 |

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
December 31, 1999 SCHEDULE III

(Dollars in thousands)

| Name, Location | Encumbrances | Initial Cost: Land | Initial Cost: Buildings and Improvements | Cost Capitalized Subsequent to Acquisition: Land | Cost Capitalized Subsequent to Acquisition: Buildings and Improvements |
|---|---|---|---|---|---|
| Rockaway Convenience Center Rockaway, NJ | 0 | 2,900 | 12,500 | 0 | 0 |
| St. Charles Towne Plaza, Waldorf, MD | 0 | 8,779 | 18,993 | 0 | 183 |
| Teal Plaza, Lafayette, IN | 0 | 99 | 878 | 0 | 2,957 |
| Terrace at The Florida Mall, Orlando, FL | 4,688 | 5,647 | 4,126 | 0 | 1,025 |
| Tippecanoe Plaza, Lafayette, IN | 0 | 265 | 440 | 305 | 4,967 |
| University Center, South Bend, IN | 0 | 2,388 | 5,214 | 0 | 339 |
| Wabash Village, West Lafayette, IN | 0 | 0 | 976 | 0 | 204 |
| Washington Plaza, Indianapolis, IN | 0 | 941 | 1,697 | 0 | 167 |
| West Ridge Plaza, Topeka, KS | 44,288 | 1,491 | 4,620 | 0 | 614 |
| White Oaks Plaza, Springfield, IL | 17,688 | 3,265 | 14,267 | 0 | 341 |
| Wichita Mall, Wichita, KS | 0 | 0 | 4,535 | 0 | 1,746 |
| Wood Plaza, Fort Dodge, IA | 0 | 45 | 380 | 0 | 867 |
| Specialty Retail Centers | | | | | |
| The Forum Shops at Caesars, Las Vegas, NV | 175,000 | 0 | 72,866 | 0 | 59,130 |
| Trolley Square, Salt Lake City, UT | 27,141 | 4,899 | 27,539 | 363 | 7,299 |
| Office, Mixed-Use Properties and Other | | | | | |
| Lenox Building, Atlanta, GA | 0 | 0 | 57,778 | 0 | 332 |
| Net Lease Properties, Various | 1,515 | 13,351 | 4,300 | 0 | 0 |
| New Orleans Centre/CNG Tower, New Orleans, LA | 0 | 3,679 | 41,231 | 0 | 6,223 |
| O'Hare International Center, Rosemont, IL | 0 | 125 | 60,287 | 1 | 9,017 |
| Riverway, Rosemont, IL | 0 | 8,739 | 129,175 | 16 | 7,121 |
| Development Projects | | | | | |
| Bowie Town Center, Bowie, MD | 0 | 6,000 | 570 | 0 | 1,648 |
| Indian River Peripheral, Vero Beach, FL | 0 | 790 | 57 | 0 | 0 |
| Victoria Ward, Honolulu, HI | 0 | 0 | 1,400 | 0 | 729 |
| Waterford Lakes, Orlando, FL | 30,336 | 0 | 1,114 | 9,662 | 46,704 |
| Land, Garland, TX | 0 | 0 | 0 | 12,002 | 0 |
| Other | 0 | 0 | 314 | 0 | 1,128 |
| Corporate, Indianapolis, IN | 0 | 2,745 | 500 | 280 | 2,640 |
| Subtotal - SPG | $2,997,076 | $2,018,067 | $9,003,938 | $114,917 | $1,583,296 |
| Corporate, Indianapolis, IN | 110 | 4,595 | 2,966 | | 7 |
| Subtotal - SRC | $ 110 | $ 4,595 | $ 2,966 | $ 0 | $ 7 |
| | $2,997,186 | $2,022,662 | $9,006,904 | $114,917 | $1,583,303 |

| Name, Location | Gross Amounts At Which Carried At Close of Period: Land | Gross Amounts: Buildings and Improvements | Gross Amounts: Total (1) | Accumulated Depreciation (2) | Date of Construction |
|---|---|---|---|---|---|
| Rockaway Convenience Center Rockaway, NJ | 2,900 | 12,500 | 15,400 | 446 | 1998 (Note 4) |
| St. Charles Towne Plaza, Waldorf, MD | 8,779 | 19,176 | 27,955 | 3,369 | 1987 |
| Teal Plaza, Lafayette, IN | 99 | 3,835 | 3,934 | 450 | 1962 |
| Terrace at The Florida Mall, Orlando, FL | 5,647 | 5,151 | 10,798 | 710 | 1996 (Note 4) |
| Tippecanoe Plaza, Lafayette, IN | 570 | 5,407 | 5,977 | 1,106 | 1974 |
| University Center, South Bend, IN | 2,388 | 5,553 | 7,941 | 4,796 | 1996 (Note 4) |
| Wabash Village, West Lafayette, IN | 0 | 1,180 | 1,180 | 348 | 1970 |
| Washington Plaza, Indianapolis, IN | 941 | 1,864 | 2,805 | 976 | 1996 (Note 4) |
| West Ridge Plaza, Topeka, KS | 1,491 | 5,234 | 6,725 | 895 | 1988 |
| White Oaks Plaza, Springfield, IL | 3,265 | 14,608 | 17,873 | 2,328 | 1986 |
| Wichita Mall, Wichita, KS | 0 | 6,281 | 6,281 | 2,014 | 1969 |
| Wood Plaza, Fort Dodge, IA | 45 | 1,247 | 1,292 | 333 | 1968 |
| Specialty Retail Centers | | | | | |
| The Forum Shops at Caesars, Las Vegas, NV | 0 | 131,996 | 131,996 | 21,738 | 1992 |
| Trolley Square, Salt Lake City, UT | 5,262 | 34,838 | 40,100 | 7,138 | 1986 (Note 3) |
| Office, Mixed-Use Properties and Other | | | | | |
| Lenox Building, Atlanta, GA | 0 | 58,110 | 58,110 | 2,096 | 1998 (Note 4) |
| Net Lease Properties, Various | 13,351 | 4,300 | 17,651 | 0 | |
| New Orleans Centre/CNG Tower, New Orleans, LA | 3,679 | 47,454 | 51,133 | 4,249 | 1996 (Note 4) |
| O'Hare International Center, Rosemont, IL | 126 | 69,304 | 69,430 | 20,312 | 1988 |
| Riverway, Rosemont, IL | 8,755 | 136,296 | 145,051 | 39,949 | 1991 |
| Development Projects | | | | | |
| Bowie Town Center, Bowie, MD | 6,000 | 2,218 | 8,218 | 0 | |
| Indian River Peripheral, Vero | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Beach, FL | 790 | 57 | 847 | 0 | 1996 (Note 4) |
| Victoria Ward, Honolulu, HI | 0 | 2,129 | 2,129 | 0 | |
| Waterford Lakes, Orlando, FL | 9,662 | 47,818 | 57,480 | 137 | |
| Land, Garland, TX | 12,002 | 0 | 12,002 | 0 | |
| Other | 0 | 1,442 | 1,442 | 0 | |
| Corporate, Indianapolis, IN | 3,025 | 3,140 | 6,165 | 2,294 | |
| Subtotal - SPG | $2,132,984 | $10,587,234 | $12,720,218 | $1,070,689 | |
| Corporate, Indianapolis, IN | 4,595 | 2,973 | 7,568 | 1,252 | |
| Subtotal - SRC | $ 4,595 | $ 2,973 | $ 7,568 | $ 1,252 | |
| | $2,137,579 | $10,590,207 | $12,727,786 | $1,071,941 | |

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC.

NOTES TO SCHEDULE III AS OF DECEMBER 31, 1999

(Dollars in thousands)

(1) Reconciliation of Real Estate Properties:

The changes in real estate assets for the years ended December 31, 1999, 1998 and 1997 are as follows:

| | Simon Property Group, Inc. | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Balance, beginning of year | $11,757,035 | $ 6,814,065 | $5,273,465 |
| Acquisitions and Consolidations | 475,166 | 4,829,704 | 1,238,909 |
| Improvements | 545,840 | 357,023 | 312,558 |
| Disposals | (57,823) | (126,454) | (10,867) |
| Deconsolidations | -- | (117,303) | -- |
| Balance, close of year | $12,720,218 | $11,757,035 | $6,814,065 |

| | SPG Realty Consultants, Inc. | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Balance, beginning of year | $ 33,688 | $32,146 | $31,718 |
| Acquisitions | -- | 1,542 | -- |
| Improvements | 561 | -- | 428 |
| Disposals | (26,681) | -- | -- |
| Balance, close of year | $ 7,568 | $33,688 | $32,146 |

The unaudited aggregate cost for SPG and SRC for federal income tax purposes as of December 31, 1999 were $8,644,003 and $7,568, respectively.

(2) Reconciliation of Accumulated Depreciation:

The changes in accumulated depreciation and amortization for the years ended December 31, 1999, 1998 and 1997 are as follows:

| | Simon Property Group, Inc. | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Balance, beginning of year | $ 689,853 | $448,353 | $270,637 |
| Acquisitions and Consolidations | 32,793 | 25,839 | -- |
| Depreciation expense | 355,064 | 247,832 | 183,357 |
| Disposals | (7,021) | (32,171) | (5,641) |
| Balance, close of year | $1,070,689 | $689,853 | $448,353 |

| | SPG Realty Consultants, Inc. | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Balance, beginning of year | $ 12,360 | $10,613 | $ 9,724 |
| Depreciation expense | 227 | 1,747 | 889 |
| Disposals | (11,335) | -- | -- |
| Balance, close of year | $ 1,252 | $12,360 | $10,613 |

Depreciation of the Companies' investment in buildings and improvements reflected in the statements of operations is calculated over the estimated original lives of the assets as follows:

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

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

(4) Not developed/constructed by Simon Group or its predecessors. The date of construction represents acquisition date.

INDEX TO EXHIBITS

| Exhibits | | Page |
|---|---|---|
| 2.1 | Agreement and Plan of Merger among SPG, Sub and DRC, dated as of March 26, 1996, as amended (included as Annex I to the Prospectus/Joint Proxy Statement filed as part of Form S-4 of Simon Property Group, Inc. (Registration No. 333-06933)). | |
| 2.2 | Amendment and supplement to Offer to Purchase for Cash all Outstanding Beneficial Interests in The Retail Property Trust (incorporated by reference to Exhibit 99.1 of the Form 8-K filed by the SPG Operating Partnership on September 12, 1997). | |
| 2.3 | Merger Agreement between SDG, LP and SPG, LP (incorporated by reference to Exhibit 2.3 of the 1997 Form 10-K filed by Simon DeBartolo Group, Inc.). | |
| 2.4 | Agreement and Plan of Merger among Simon DeBartolo Group, Inc. and Corporate Property Investors and Corporate Realty Consultants, Inc. (incorporated by reference to Exhibit 10.1 in the Form 8-K filed by Simon DeBartolo Group, Inc. on February 24, 1998). | |
| 3.1 | Restated Certificate of Incorporation of SPG (incorporated by reference to Exhibit 3.1 of the Form 8-K filed by the Companies on October 9, 1998). | |
| 3.2 | Restated By-laws of SPG (incorporated by reference to Exhibit 3.2 of the Form 8-K filed by the Companies on October 9, 1998). | |
| 3.3 | Restated Certificate of Incorporation of SRC (incorporated by reference to Exhibit 3.3 of the Form 8-K filed by the Companies on October 9, 1998). | |
| 3.4 | Restated By-laws of SRC (incorporated by reference to Exhibit 3.4 of the Form 8-K filed by the Companies on October 9, 1998). | |
| 3.5 | Certificate of Powers, Designations, Preferences and Rights of the 7.00% Series C Cumulative Convertible Preferred Stock, $0.0001 Par Value (Incorporated by reference to Exhibit 3.1 of the Companies' Form 10-Q filed on November 15, 1999). | |
| 3.5a | Certificate of Correction Filed to Correct Certain Errors in Certificate of Powers, Designations, Preferences and Rights of the 7.00% Series C Cumulative Convertible Preferred Stock, $0.0001 Par Value (Incorporated by reference to Exhibit 3.1a of the Companies' Form 10-Q filed on November 15, 1999). | |
| 3.6 | Certificate of Powers, Designations, Preferences and Rights of the 8.00% Series D Cumulative Redeemable Preferred Stock, $0.0001 Par Value (Incorporated by reference to Exhibit 3.2 of the Companies' Form 10-Q filed on November 15, 1999). | |
| 3.6a | Certificate of Correction Filed to Correct Certain Errors in Certificate of Powers, Designations, Preferences and Rights of the 8.00% Series D Cumulative Redeemable Preferred Stock, $0.0001 Par Value (Incorporated by reference to Exhibit 3.2a of the Companies' Form 10-Q filed on November 15, 1999). | |
| 3.7 | Certificate of Powers, Designations, Preferences and Rights of the 8.00% Series E Cumulative Redeemable Preferred Stock, $0.0001 Par Value (Incorporated by reference to Exhibit 3.3 of the Companies' Form 10-Q filed on November 15, 1999). | |
| 4.1 | Indenture, dated as of November 26, 1996, by and among the SPG Operating Partnership and The Chase Manhattan Bank, as trustee (incorporated by reference to the form of this document filed as Exhibit 4.1 to the Registration Statement on Form S-3 (Reg. No. 333-11491)). | |
| 4.2 | Supplemental Indenture, dated as of June 22, 1998, by and among the SPG Operating Partnership and The Chase Manhattan Bank, as trustee, relating to the Securities (incorporated by reference as Exhibit 4.2 to the Registration Statement of Simon DeBartolo Group, L.P. on Form S-4 (Reg. No. 333-63645)). | |
| 4.3 | Issuance Agreement, dated as of September 24, 1998, between SPG and SRC (incorporated by reference to Exhibit 4.5 of the Form 8-K filed by the Companies on October 9, 1998). | |
| 4.4 | Trust Agreement, dated as of October 30, 1979 among shareholders of CPI, SRC and First Jersey National Bank, as Trustee (incorporated by reference to Exhibit 4.7 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 4.5 | Trust Agreement, dated as of August 26, 1994, among the holders of the 6.50% First Series Preference Shares of CPI, SRC and Bank of Montreal Trust Company, as Trustee (incorporated by reference to Exhibit 4.8 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |

| | | |
|---|---|---|
| 9.1 | Voting Trust Agreement, Voting Agreement and Proxy between MSA, on the one hand, and Melvin Simon, Herbert Simon and David Simon, on the other hand. (Incorporated by reference to exhibit 9.1 of the Form 10-K of Simon Property Group, Inc. for the fiscal year ended December 31, 1993). | |
| 10.1 | Third Amended and Restated Credit Agreement dated as of August 25, 1999 (incorporated by reference to Exhibit 10.1 of the Form 10-Q filed by the SPG Operating Partnership on November 15, 1999). | |
| 10.2 | Form of SPG Indemnity Agreement between SPG and its directors and officers. (incorporated by reference to Exhibit 10.7 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.3 | Registration Rights Agreement (the "Agreement"), dated as of August 9, 1996, by and among the "Simon Family Members" (as defined in the Agreement), SPG, JCP Realty, Inc., Brandywine Realty, Inc., and the Estate of Edward J. DeBartolo Sr., Edward J. DeBartolo, Jr., Marie Denise DeBartolo York, and the Trusts and other entities listed on Schedule 2 of the Agreement, and any of their respective successors-in-interest and permitted assigns. (incorporated by reference to Exhibit 10.60 of the 1996 Form 10-K filed by Simon DeBartolo Group, Inc.) | |
| 10.4 | SPG Registration Rights Agreement, dated as of September 24, 1998, by and among SPG and the persons named therein. (incorporated by reference to Exhibit 4.4 of the Form 8-K filed by SPG on October 9, 1998). | |
| 10.5 (a) | The SPG Operating Partnership 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.5 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.6 (a) | Form of Employment Agreement between Hans C. Mautner and the Companies (incorporated by reference to Exhibit 10.63 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.7 (a) | Form of Employment Agreement between Mark S. Ticotin and the Companies (incorporated by reference to Exhibit 10.64 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.8 (a) | Form of Incentive Stock Option Agreement between the Companies and Hans C. Mautner pursuant to the SPG Operating Partnership 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.59 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.9 (a) | Form of Incentive Stock Option Agreement between the Companies and Mark S. Ticotin pursuant to the SPG Operating Partnership 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.60 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.10 (a) | Form of Nonqualified Stock Option Agreement between the Companies and Hans C. Mautner pursuant to the SPG Operating Partnership 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.61 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.11 (a) | Form of Nonqualified Stock Option Agreement between the Companies and Mark S. Ticotin pursuant to the SPG Operating Partnership 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.62 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
| 10.12 (a) | CPI Executive Severance Policy, as amended and restated effective as of August 11, 1998 (incorporated by reference to Exhibit 10.65 of the Form S-4 filed by CPI on August 13, 1998 (Reg. No. 333-61399)). | |
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(a) Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation S-K.

Selected Financial Data

The following tables set forth selected combined and separate financial data for the Companies. The financial data should be read in conjunction with the combined financial statements and notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations.

Other data management believes is important in understanding trends in the Companies' business is also included in the tables.

Simon Property Group, Inc. and SPG Realty Consultants, Inc. Combined:

| | As of or for the Year Ended December 3l, | | | | |
|---|---|---|---|---|---|
| | 1999(1) | 1998(1) | 1997(1) | 1996(2) | 1995 |
| | (in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenue | $ 1,892,703 | $ 1,405,559 | $ 1,054,167 | $ 747,704 | $ 553,657 |
| Income before unusual and extraordinary items | 316,100 | 236,230 | 203,133 | 134,663 | 101,505 |
| Net income available to common shareholders | $ 167,314 | $ 133,598 | $ 107,989 | $ 72,561 | $ 57,781 |
| BASIC EARNINGS PER PAIRED SHARE: | | | | | |
| Income before extraordinary items | $ 1.00 | $ 1.02 | $ 1.08 | $ 1.02 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- | (0.03) | (0.04) |
| Net income | $ 0.97 | $ 1.06 | $ 1.08 | $ 0.99 | $ 1.04 |
| Weighted average Paired Shares outstanding | 172,089 | 126,522 | 99,920 | 73,586 | 55,312 |
| DILUTED EARNINGS PER PAIRED SHARE: | | | | | |
| Income before extraordinary items | $ 1.00 | $ 1.02 | $ 1.08 | $ 1.01 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- | (0.03) | (0.04) |
| Net income | $ 0.97 | $ 1.06 | $ 1.08 | $ 0.98 | $ 1.04 |
| Diluted weighted average Paired Shares outstanding | 172,226 | 126,879 | 100,304 | 73,721 | 55,422 |
| Distributions per Paired Share (3) | $ 2.02 | $ 2.02 | $ 2.01 | $ 1.63 | $ 1.97 |
| BALANCE SHEET DATA: | | | | | |
| Cash and cash equivalents | $ 157,632 | $ 129,195 | $ 109,699 | $ 64,309 | $ 62,721 |
| Total assets | 14,223,243 | 13,277,000 | 7,662,667 | 5,895,910 | 2,556,436 |
| Mortgages and other notes payable | 8,768,951 | 7,973,372 | 5,077,990 | 3,681,984 | 1,980,759 |
| Shareholders' equity | $ 3,253,658 | $ 3,409,209 | $ 1,556,862 | $1,304,891 | $ 232,946 |
| OTHER DATA: | | | | | |
| Cash flow provided by (used in): | | | | | |
| Operating activities | $ 627,056 | $ 529,415 | $ 370,907 | $ 236,464 | $ 194,336 |
| Investing activities | (612,876) | (2,102,032) | (1,243,804) | (199,742) | (222,679) |
| Financing activities | 14,257 | 1,592,113 | 918,287 | (35,134) | (14,075) |
| Ratio of Earnings to Fixed Charges and Preferred Dividends (4) | 1.36x | 1.44x | 1.54x | 1.55x | 1.66x |
| Funds from Operations (FFO) of Simon Group (5) | $ 734,513 | $ 544,481 | $ 415,128 | $ 281,495 | $ 197,909 |
| FFO allocable to the Companies | $ 534,285 | $ 361,326 | $ 258,049 | $ 172,468 | $ 118,376 |

Simon Property Group, Inc.:

| | As of or for the Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1999(1) | 1998(1) | 1997(1) | 1996(2) | 1995 |
| | (in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenue | $ 1,894,971 | $ 1,405,072 | $1,054,167 | $ 747,704 | $ 553,657 |
| Income before unusual and extraordinary items | 315,499 | 235,790 | 203,133 | 134,663 | 101,505 |
| Net income available to common shareholders | $ 165,944 | $ 133,286 | $ 107,989 | $ 72,561 | $ 57,781 |
| BASIC EARNINGS PER COMMON SHARE: | | | | | |
| Income before extraordinary items | $ 0.99 | $ 1.01 | $ 1.08 | $ 1.02 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- | (0.03) | (0.04) |
| Net income | $ 0.96 | $ 1.05 | $ 1.08 | $ 0.99 | $ 1.04 |
| Weighted average shares outstanding | 172,089 | 126,522 | 99,920 | 73,586 | 55,312 |
| DILUTED EARNINGS PER COMMON SHARE: | | | | | |
| Income before extraordinary items | $ 0.99 | $ 1.01 | $ 1.08 | $ 1.01 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- | (0.03) | (0.04) |
| Net income | $ 0.96 | $ 1.05 | $ 1.08 | $ 0.98 | $ 1.04 |
| Diluted weighted average shares outstanding | 172,226 | 126,879 | 100,304 | 73,721 | 55,422 |
| Distributions per common share (3) | $ 2.02 | $ 2.02 | $ 2.01 | $ 1.63 | $ 1.97 |
| BALANCE SHEET DATA: | | | | | |
| Cash and cash equivalents | $ 154,924 | $ 127,626 | $ 109,699 | $ 64,309 | $ 62,721 |
| Total assets | 14,199,318 | 13,269,129 | 7,662,667 | 5,895,910 | 2,556,436 |
| Mortgages and other notes payable | 8,768,841 | 7,990,288 | 5,077,990 | 3,681,984 | 1,980,759 |
| Shareholders' equity | 3,237,545 | 3,394,142 | 1,556,862 | 1,304,891 | 232,946 |

SPG Realty Consultants, Inc.:

| | As of or for the Year Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 1999 (1) | 1998 (1) | 1997 | 1996 | 1995 |
| | (in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total revenue | $ 2,277 | $ 4,582 | $ 6,214 | $ 9,805 | $10,423 |
| Net income (loss) | 1,370 | (4,431) | 1,177 | (920) | (6) |
| BASIC EARNINGS PER COMMON SHARE: | | | | | |
| Net income (loss) | $ 0.80 | $ (5.17) | $ 2.07 | $ (1.88) | $ (0.01) |
| Weighted average shares outstanding | 1,721 | 857 | 569 | 490 | 471 |
| DILUTED EARNINGS PER COMMON SHARE: | | | | | |
| Net income (loss) | $ 0.80 | $ (5.17) | $ 2.07 | $ (1.88) | $ (0.01) |
| Diluted weighted average shares outstanding | 1,722 | 857 | 569 | 490 | 471 |
| Distributions per common share (3) | $ -- | $ 0.39 | $ 0.40 | $ 0.425 | $ 0.625 |
| BALANCE SHEET DATA: | | | | | |
| Cash and cash equivalents | $ 2,708 | $ 1,569 | $ 4,147 | $ 4,797 | $ 2,759 |
| Total assets | 35,029 | 46,601 | 46,063 | 31,054 | 30,929 |
| Mortgages and other notes payable | 9,958 | 21,556 | 36,818 | 21,988 | 22,208 |
| Shareholders' equity | 16,113 | 15,067 | 4,316 | 5,039 | 4,320 |

Notes

(1) Notes 3, 4 and 5 to the accompanying financial statements describe the NED Acquisition and the CPI Merger, which occurred August 27, 1999 and September 24, 1998, respectively, and other 1999,1998 and 1997 real estate acquisitions and development. Note 2 to the accompanying financial statements describes the basis of presentation.
(2) Beginning August 9, 1996, results include the DRC Merger.
(3) Represents distributions declared per period, which, in 1996, includes a distribution of $0.1515 per share declared on August 9, 1996, in connection with the DRC Merger, designated to align the time periods of distributions of the merged companies. SRC's distributions were declared prior to the CPI Merger.
(4) In 1999, includes a $12,000 unusual loss (see Note 13 to the accompanying financial statements) and a total of $12,290 of asset write-downs. Excluding these items, the ratio would have been 1.39x in 1999.
(5) Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations for a definition of Funds from Operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC. COMBINED

The following discussion should be read in conjunction with the Selected Financial Data, and all of the financial statements and notes thereto included elsewhere herein. Certain statements made in this report may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Simon Group (see below) 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; substantial indebtedness; conflicts of interests; maintenance of REIT status; and environmental/safety requirements.

Overview

Simon Property Group, Inc. ("SPG"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT"). Each share of common stock of SPG is paired ("Paired Shares") with 1/100th of a share of common stock of SPG Realty Consultants, Inc. ("SRC" and together with SPG, the "Companies"). Simon Property Group, L.P. (the "SPG Operating Partnership"), formerly known as Simon DeBartolo Group, L.P., is the primary subsidiary of SPG. Units of ownership interest ("Units") in the SPG Operating Partnership are paired ("Paired Units") with a Unit in SPG Realty Consultants, L.P. (the "SRC Operating Partnership" and together with the SPG Operating Partnership, the "Operating Partnerships"). The SRC Operating Partnership is the primary subsidiary of SRC. The Companies together with the Operating Partnerships are hereafter referred to as "Simon Group", which prior to the CPI Merger (see below) refers to Simon DeBartolo Group, Inc. and the SPG Operating Partnership.

Simon Group is engaged primarily in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1999, Simon Group owned or held an interest in 259 income-producing properties in the United States, which consisted of 168 regional malls, 78 community shopping centers, four specialty retail centers, five office and mixed-use properties and four value-oriented super-regional malls in 36 states (the "Properties"), five additional retail real estate properties operating in Europe and two properties currently under construction (the "Portfolio" or the "Portfolio Properties"). At December 31, 1999 and 1998, the Companies' direct and indirect ownership interests in the Operating Partnerships was 72.4% and 71.6%, respectively. The SPG Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"). See Note 8 to the attached financial statements for a description of the activities of the Management Company.

Operating results of Simon Group for the two years ended December 31, 1999 and 1998, and their comparability to the respective prior periods, have been significantly impacted by a number of Property acquisitions and openings beginning in 1997. The greatest impact on results of operations has come from the September 24, 1998 acquisition, through merger, of Corporate Property Investors, Inc. ("CPI") and Corporate Realty Consultants, Inc. (the "CPI Merger") (see Note 4 to the financial statements), and the acquisition of Shopping Center Associates (the "SCA Acquisition"), which included a series of transactions from September 29, 1997 to June 1, 1998 (see Note 5 to the financial statements). In addition, Simon Group acquired ownership interests in, or commenced operations of, a number of other Properties throughout the comparative periods and, as a result, increased the number of Properties it accounts for using the consolidated method of accounting and sold interests in several Properties throughout the comparative periods (together, the "Property Transactions"). Please refer to "Liquidity and Capital Resources" for additional information on such 1999 activity and refer to Note 5 to the financial statements for information about acquisitions, dispositions and development activity prior to 1999.

Results of Operations

Year Ended December 31, 1999 vs. Year Ended December 31, 1998

Operating income increased $212.0 million or 33.0% in 1999 as compared to 1998. This increase is primarily the result of the CPI Merger ($143.1 million) and the Property Transactions ($23.0 million). Excluding these transactions, operating income increased approximately $45.9 million, primarily resulting from an approximately $15.1 million increase in consolidated revenues realized from marketing initiatives throughout the Portfolio from Simon Group's strategic marketing division, Simon Brand Ventures ("SBV"); a $39.1 million increase in minimum rents; a $6.3 million increase in gains from sales of peripheral properties; a $4.7 million increase in interest income and a $4.3 million increase in lease settlement income, partially offset by a $14.1 million increase in depreciation and amortization and an $8.6 million decrease in fee income. The increase in minimum rent primarily results from increased occupancy levels, the replacement of expiring tenant leases with renewal leases at higher minimum base rents, and a $7.9 million increase in rents from tenants operating under license agreements. The increase in depreciation and amortization is primarily due to an increase in depreciable real estate realized through renovation and expansion activities.

Interest expense increased $159.7 million, or 38.0% in 1999 as compared to 1998. This increase is primarily a result of the CPI Merger ($125.0 million) and the Property Transactions ($18.0 million). The remaining increase includes incremental interest resulting from the SPG Operating Partnership's 1998 issuance of $1,075 million of public notes, the proceeds of which were used primarily to pay down the Credit Facility (see Liquidity and Capital Resources) ($4.5 million), and incremental interest on borrowings under the Credit Facility to complete the NED Acquisition, and acquire ownership interests in the IBM Properties and Mall of America ($6.3 million) (see Liquidity and Capital Resources and Notes 3 & 5 to the financial statements).

The $3.4 million income tax benefit in 1999 represents SRC's pro rata share of the SRC Operating Partnership's current year losses and the realization of tax carryforward benefits for which a valuation allowance was previously provided.

Income from unconsolidated entities increased $27.3 million in 1999, resulting from an increase in the Operating Partnerships' share of income from partnerships and joint ventures ($28.4 million), partially offset by a decrease in its share of the income from the Management Company ($1.1 million). The increase in the Operating Partnerships' share of income from partnerships and joint ventures is primarily the result of the joint venture interests acquired in the CPI Merger ($17.2 million), the IBM Properties ($3.2 million) and the NED Acquisition ($3.1 million). The decrease in Management Company income is primarily the result of losses associated with interests in two parcels of land held by the Management Company ($7.3 million), partially offset by increases in SBV revenues ($2.9 million), construction services revenues ($1.3 million) and increased earnings from a subsidiary captive insurance company ($1.1 million).

As discussed further in Note 13 to the financial statements, the $12.0 million unusual item in 1999 is the estimated result of damages arising from the litigation surrounding the 1996 acquisition through merger of DeBartolo Realty Corporation (the "DRC Merger"). The actual amount of damages has not yet been determined by the courts.

The $6.7 million extraordinary loss and $7.1 million extraordinary gain in 1999 and 1998, respectively, are the net results from refinancings, early extinguishments and/or forgiveness of debt.

Income before allocation to limited partners was $297.4 million during 1999, an increase of $54.0 million over 1998, primarily for the reasons discussed above. Income before allocation to limited partners was allocated to the Companies based on SPG's direct ownership of Ocean County Mall and certain net lease assets, and the Companies' preferred Unit preferences and weighted average ownership interests in the Operating Partnerships during the period. In addition, SRC recognizes an income tax provision (benefit) on its pro rata share of the earnings (losses) of the SRC Operating Partnership.

Preferred distributions of the SPG Operating Partnership represent distributions on preferred Units issued in connection with the NED Acquisition (See Note 3 to the financial statements). Preferred dividends of subsidiary represent distributions on preferred stock of SPG Properties, Inc., a 99.999% owned subsidiary of SPG.

Year Ended December 31, 1998 vs. Year Ended December 31, 1997

Operating income increased $165.2 million or 34.6% in 1998 as compared to 1997. This increase is primarily the result of the CPI Merger ($62.5 million), the SCA Acquisition ($55.1 million), the Property Transactions ($18.5 million) and approximately $12.9 million from SBV. Excluding these transactions, operating income increased approximately $16.2 million, primarily due to a $20.2 million increase in minimum rent, and increases in gains from sales of peripheral properties ($3.4 million) and interest income ($2.8 million), partially offset by a $6.3 million increase in depreciation and amortization and a $4.3 million increase in recoverable expenses over tenant reimbursements. The 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 $4.3 million increase in rents from tenants operating under license agreements. The increase in depreciation and amortization is primarily due to an increase in depreciable real estate realized through renovation and expansion activities.

Interest expense increased $132.1 million, or 45.9% in 1998 as compared to 1997. This increase is primarily a result of the CPI Merger ($45.5 million), the SCA Acquisition ($59.1 million) and the Property Transactions ($15.0 million) and incremental interest ($12.7 million) on borrowings under the Credit Facility to acquire the IBM Properties.

The $7.3 million loss on the sale of an asset in 1998 is the result of the June 30, 1998 sale of Southtown Mall for $3.3 million.

Income from unconsolidated entities increased $9.4 million in 1998, resulting from an increase in the Operating Partnerships' share of income from partnerships and joint ventures ($14.0 million), partially offset by a decrease in the Operating Partnerships' share of income from M.S. Management Associates Inc. (the "Management Company") ($4.6 million). The increase in the Operating Partnerships' share of income from partnerships and joint ventures is primarily the result of the addition of the IBM Properties ($14.5 million) and the CPI Merger ($7.2 million), partially offset by the increase in the amortization of the excess of the Operating Partnerships' investment over their share of the equity in the underlying net assets of unconsolidated joint-venture Properties ($8.7 million). The decrease in income from the Management Company includes a $6.0 million decrease in development fee income.

The $7.1 million gain from extraordinary items in 1998 is primarily the result of debt forgiveness, partially offset by prepayment penalties and write-offs of mortgage costs associated with early extinguishments of debt.

Income before allocation to limited partners was $243.4 million in 1998, as compared to $203.2 million in 1997, reflecting an increase of $40.2 million, for the reasons discussed above, and was allocated to the Companies based on the Companies' direct ownership of Ocean County Mall and certain net lease assets, and the Companies' preferred Unit preference and weighted average ownership interest in the Operating Partnerships during the year.

Preferred dividends of subsidiary represent distributions on preferred stock of SPG Properties, Inc., a 99.999% owned subsidiary of SPG.

Liquidity and Capital Resources

As of December 31, 1999, Simon Group's balance of unrestricted cash and cash equivalents was $157.6 million, including $72.4 million related to Simon Group's gift certificate program, which management does not consider available for general working capital purposes. Simon Group has a $1.25 billion unsecured revolving credit facility (the "Credit Facility") which had available credit of $461 million at December 31, 1999. The Credit Facility bears interest at LIBOR plus 65 basis points and has an initial maturity of August 2002, with an additional one-year extension available at Simon Group's option. SPG and the SPG Operating Partnership also have access to public equity and debt markets.

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 shareholders in accordance with REIT requirements. Sources of capital for nonrecurring capital expenditures, such as major building renovations and expansions, as well as for scheduled principal payments, including balloon payments, on outstanding indebtedness are expected to be obtained from: (i) excess cash generated from operating performance; (ii) working capital reserves; (iii) additional debt financing; and (iv) additional equity raised in the public markets.

Sensitivity Analysis. The Operating Partnerships' combined future earnings, cash flows and fair values relating to financial instruments are primarily dependent upon prevalent market rates of interest, primarily LIBOR. Based upon consolidated indebtedness and interest rates at December 31, 1999, a 0.25% increase in the market rates of interest would decrease future earnings and cash flows by approximately $5.8 million, and would decrease the fair value of debt by approximately $170 million. A 0.25% decrease in the market rates of interest would increase future earnings and cash flows by approximately $5.8 million, and would increase the fair value of debt by approximately $180 million.

Financing and Debt

At December 31, 1999, Simon Group had combined consolidated debt of $8,769 million, of which $6,275 million was fixed-rate debt, bearing interest at a weighted average rate of 7.3% and $2,494 million was variable-rate debt bearing interest at a weighted average rate of 6.6%. As of December 31, 1999, Simon Group had interest rate protection agreements related to $438 million of combined consolidated variable-rate debt. Simon Group's interest rate protection agreements did not materially impact interest expense or weighted average borrowing rates in 1999.

Simon Group's share of total scheduled principal payments of mortgage and other indebtedness, including unconsolidated joint venture indebtedness over the next five years is $6,017 million, with $4,459 million thereafter. Simon Group's ratio of consolidated debt-to-market capitalization was 58.1% and 51.2% at December 31, 1999 and 1998, respectively. The increase is primarily the result of a decrease in the price of the Paired Shares in 1999.

The following summarizes significant financing and refinancing transactions completed in 1999:

Financings Related to the NED Acquisition. Simon Group's approximately $894 million share of the cost of the NED Acquisition (see below) included the assumption of approximately $530.0 million of mortgage indebtedness; $177.1 million in cash; the issuance of 1,269,446 Paired Units valued at approximately $36.4 million; the issuance of 2,584,227 7% Convertible Preferred Units in the SPG Operating Partnership valued at approximately $72.8 million; and 2,584,227 8% Redeemable Preferred Units in the SPG Operating Partnership valued at approximately $78.0 million. Simon Group's share of the cash portion of the purchase price was financed primarily using the Credit Facility.

Secured Indebtedness. During 1999, Simon Group refinanced approximately $295 million of mortgage indebtedness on five of the Properties. Simon Group's share of the refinanced debt is approximately $270 million. The weighted average maturity of the indebtedness increased from approximately 2.0 years to 7.4 years, while the weighted average interest rates decreased from approximately 8.0% to 7.7%.

Credit Facility. During 1999, Simon Group obtained a three-year extension on the Credit Facility to August 25, 2002, with an additional one-year automatic extension available at the option of the SPG Operating Partnership. The maximum and average amounts outstanding during 1999 under the Credit Facility were $785 million and $487 million, respectively.

Unsecured Notes. On February 4, 1999, the SPG Operating Partnership completed the sale of $600 million of senior unsecured notes. The notes include two $300 million tranches. The first tranche bears interest at 6.75% and matures on February 4, 2004 and the second tranche bears interest at 7.125% and matures on February 4, 2009. The SPG Operating Partnership used the net proceeds of approximately $594 million to retire the $450 million initial tranche of the $1.4 billion unsecured bridge loan, which financed the majority of the cash portion of the CPI Merger (the "Merger Facility") and to pay $142 million on the outstanding balance of the Credit Facility. Following this offering, the SPG Operating Partnership had $250 million remaining on its debt shelf registration, under which debt securities may be issued.

In addition to these transactions, Simon Group has also received commitments from various lending institutions totaling $550 million to payoff the second $450 million tranche of the Merger Facility, which becomes due March 24, 2000 and bears interest at LIBOR plus 65 basis points. The new facility will mature March 2001 and also bears interest at LIBOR plus 65 basis points.

Acquisitions and Disposals

The NED Acquisition. During 1999, Simon Group acquired ownership interests in 14 regional malls from New England Development Company (the "NED Acquisition"). Simon Group acquired one of the properties directly and formed a joint venture with three partners ("Mayflower"), of which Simon Group owns 49.1%, to acquire interests in the remaining properties. Simon Group assumed management responsibilities for the portfolio, which includes approximately 10.7 million square feet of GLA.

Other Acquisitions. During 1999, in addition to the NED Acquisition, Simon Group acquired the remaining interests in four Properties, and 50% of the economic benefits of Mall of America for a combined price of approximately $318 million. The purchase price included the assumption of a $134 million pro rata share of mortgage indebtedness with a weighted average rate and maturity of 6.8% and 4.4 years, respectively; the issuance of 1,000,000 shares of 8% Redeemable Preferred Stock in SPG for $24 million and $160 million in cash funded primarily from the Credit Facility.

See Note 5 to the financial statements for 1998 and 1997 acquisition activity.

Management continues to review and evaluate a limited number of individual property and portfolio acquisition opportunities. Management believes, however, that due to the rapid consolidation of the regional mall business, coupled with the current status of the capital markets, that acquisition activity in the near term will be a less significant component of the Company's growth strategy. Management believes that funds on hand, and amounts available under the Credit Facility, together with the ability to issue shares of common stock and/or Units, provide the means to finance certain acquisitions. No assurance can be given that Simon Group 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.

Disposals. During 1999, Simon Group sold an office building, an interest in a hotel, and two community centers for a total of $59 million, resulting in a net loss of $7 million. The SRC Operating Partnership, which owned the office building, used its $11.8 million portion of the net proceeds primarily to repay the remaining $10.6 million mortgage payable to the SPG Operating Partnership. The net proceeds from these sales were used primarily to reduce the outstanding balance on the Credit Facility.

In addition to the Property sales described above, as a continuing part of Simon Group's long-term strategic plan, management continues to pursue the sale of its remaining non-retail holdings and a number of retail assets that are no longer aligned with Simon Group's strategic criteria. These include interests in one regional mall and one community center sold in the first quarter of 2000 and one regional mall and four community centers, which are under contract for sale. Management expects the sale prices of its non-core assets, if sold, will not differ materially from the carrying value of the related assets.

Development Activity

New Developments. Development activities are an ongoing part of Simon Group's business. During 1999, Simon Group opened six new Properties aggregating approximately 4.9 million square feet of GLA. In total, Simon Group invested approximately $400 million on new developments in 1999. With fewer new developments currently under construction, Simon Group expects 2000 development costs to be approximately $130 million.

Strategic Expansions and Renovations. A key objective of Simon Group is to increase the profitability and market share of the Properties through the completion of strategic renovations and expansions. During 1999, Simon Group invested approximately $277 million on redevelopment projects and completed four major redevelopment projects, which added approximately 1.4 million square feet of GLA to the Portfolio. Simon Group has a number of renovation and/or expansion projects currently under construction, or in preconstruction development and expects to invest approximately $270 million on redevelopment in 2000.

International Expansion. The SPG Operating Partnership and the Management Company have a 25% ownership interest in European Retail Enterprises, B.V. ("ERE") and Groupe BEG, S.A. ("BEG"), respectively, which are accounted for using the equity method of accounting. BEG and ERE are fully integrated European retail real estate developers, lessors and managers. Simon Group's total investment in ERE and BEG at December 31, 1999 was approximately $41 million, with commitments for an additional $22 million, subject to certain performance and other criteria, including Simon Group's approval of development projects. The agreements with BEG and ERE are structured to allow Simon Group to acquire an additional 25% ownership interest over time. As of December 31, 1999, BEG and ERE had three Properties open in Poland and two in France.

Other

On September 30, 1999, Simon Group entered into a five year contract with Enron Energy Services for Enron to supply or manage all of the energy commodity requirements throughout the Portfolio. The contract includes electricity, natural gas and maintenance of energy conversion assets and electrical systems including lighting. This alliance is designed to reduce operating costs for Simon Group's tenants, as well as deliver incremental profit to Simon Group.

Also during the third quarter of 1999, Simon Group launched a new program designed to take advantage of new retail opportunities of the digital age. Elements of the strategy include digitizing the existing assets of the Properties by implementing internet web sites for each of the Properties, creating products that leverage the digitalization of consumers and Simon merchants through an enhanced broadband network called TenantConnect.net and incubating concepts that leverage the physical and virtual worlds through a venture creation subsidiary called clixnmortar.com, a subsidiary of the SRC Operating Partnership. As these programs are still in the development stage, management does not expect their revenues to be a significant component of combined revenues in 2000.

Capital Expenditures on Consolidated Properties

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| New Developments | $ 226 | $ 22 | $ 80 |
| Renovations and Expansions | 248 | 250 | 197 |
| Tenant Allowances | 65 | 46 | 38 |
| Recoverable Capital Expenditures | 27 | 19 | 13 |
| Other | -- | 12 | 4 |
| Total | $ 566 | $ 349 | $ 332 |

Distributions

SPG declared distributions on its common stock in 1999 aggregating $2.02 per share. On January 20, 2000, SPG declared a distribution of $0.5050 per Paired Share payable on February 18, 2000, to shareholders of record on February 4, 2000. The current combined annual distribution rate is $2.02 per Paired Share. Future distributions will be determined based on actual results of operations and cash available for distribution.

Investing and Financing Activities

Cash used in investing activities during 1999 includes acquisitions of $339 million, capital expenditures of $505 million, investments in unconsolidated joint ventures of $83 million consisting primarily of development funding, $47 million of investments in and advances to the Management Company and a $3 million investment in piiq.com. Capital expenditures includes development costs of $86 million, renovation and expansion costs of approximately $324 million and tenant costs, and other operational capital expenditures of approximately $95 million. Acquisitions, including transaction costs, includes $183 million for the NED Acquisition and $156 million for the remaining interests in four existing Properties. These uses of cash are partially offset by distributions from unconsolidated entities of $222 million; net proceeds of $59 million from the sales of Simon Group's interests in a hotel and related land, an office building, and two community centers; and cash of $83 million from the consolidations of Simon Group's gift certificate program and four Properties. Distributions from unconsolidated entities includes approximately $116 million resulting from financing activities, with the remainder resulting primarily from those entities' operating activities.

Cash provided by financing activities during 1999 was $14 million and included net equity distributions of $560 million offset by net borrowings of $574 million.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

Management believes that there are several important factors that contribute to the ability of Simon Group 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 $940 million in 1997 to $1,843 million in 1999, representing a compound annual growth rate of 40.0%. This growth is primarily the result of merger, acquisition and development activity during the comparative periods ($775 million). The remaining growth in total EBITDA ($128 million) reflects increased rental rates, increased tenant sales, improved occupancy levels and effective control of operating costs and the addition of GLA to the Portfolio through expansions. During this period, the operating profit margin increased from 64.4% to 65.3%. This improvement is also primarily attributable to aggressive leasing of new and existing space and effective control of operating costs.

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

| | 1999 | 1998 | 1997 |
|---|---|---|---|
| | | (in thousands) | |
| EBITDA of consolidated Properties | $1,236,421 | $ 910,654 | $677,930 |
| EBITDA of unconsolidated Properties | 606,710 | 451,049 | 262,098 |
| Total EBITDA of Portfolio Properties | $1,843,131 | $1,361,703 | $940,028 |
| EBITDA after minority interest (1) | $1,455,272 | $1,068,233 | $746,842 |
| Increase in total EBITDA from prior period | 35.4% | 44.9% | 52.8% |
| Increase in EBITDA after minority interest from prior period | 36.2% | 43.0% | 50.2% |
| Operating profit margin of the Portfolio Properties | 65.3% | 64.8% | 64.4% |

(1) EBITDA after minority interest represents Simon Group's allocable portion of earnings before interest, taxes, depreciation and amortization for all Properties based on its economic ownership in each Property.

Funds from Operations ("FFO")

FFO is an important and widely used measure of the operating performance of REITs, which provides a relevant basis for comparison among REITs. FFO, as defined by NAREIT, means consolidated net income without giving effect to real estate related depreciation and amortization, gains or losses from extraordinary and unusual items and gains or losses on sales of real estate, plus the allocable portion, based on economic ownership interest, of funds from operations of unconsolidated joint ventures, all determined on a consistent basis in accordance with generally accepted accounting principles. Effective January 1, 2000, Simon Group adopted NAREIT's clarification in the definition of FFO, which requires the inclusion of the effects of nonrecurring items not classified as extraordinary or resulting from the sales of depreciable real estate. Simon Group's method of calculating FFO may be different from the methods used by other REITs. 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; and (iii) is not an alternative to cash flows as a measure of liquidity.

The following summarizes FFO of Simon Group and the Companies and reconciles combined income before unusual and extraordinary items to FFO of Simon Group for the periods presented:

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| | (in thousands) | | |
| FFO of Simon Group | $734,513 | $544,481 | $415,128 |
| Increase in FFO from prior period | 34.9% | 31.2% | 47.5% |
| Reconciliation: | | | |
| Income before unusual and extraordinary items | $316,100 | $236,230 | $203,133 |
| Plus: | | | |
| Depreciation and amortization from combined consolidated properties | 381,265 | 267,423 | 200,084 |
| Simon Group's share of depreciation and amortization and extraordinary and other items from unconsolidated affiliates (1) | 104,537 | 82,323 | 46,760 |
| Loss (gain) on sale of real estate | 7,062 | 7,283 | (20) |
| Less: | | | |
| Minority interest portion of depreciation and amortization and extraordinary items | (5,128) | (7,307) | (5,581) |
| Preferred distributions (Including those of subsidiaries) | (69,323) | (41,471) | (29,248) |
| FFO of Simon Group | $734,513 | $544,481 | $415,128 |
| FFO allocable to the Companies | $534,285 | $361,326 | $258,049 |

(1) Includes $12.3 million of asset write-downs recognized in 1999.

Portfolio Data

Operating statistics give effect to the NED Acquisition for 1999 only and the CPI Merger for 1998 and 1999 only. The value-oriented super-regional mall category consists of Arizona Mills, Grapevine Mills, Concord Mills and Ontario Mills. Operating statistics do not include those properties located outside of the United States.

Aggregate Tenant Sales Volume and Sales per Square Foot. Sales Volume includes total reported retail sales at mall and freestanding GLA owned by the Operating Partnerships ("Owned GLA") in the regional malls and all reporting tenants at community shopping centers. The $9,248 million increase from 1996 to 1999 includes $6,759 million from the CPI Merger, the NED Acquisition, the SCA Acquisition, and the IBM Properties. Excluding these Properties, 1999 sales were $10,410 million, which is a compound annual growth rate of 9.5% since 1996. Retail sales at Owned GLA affect revenue and profitability levels because they determine the amount of minimum rent that can be charged, the percentage rent realized, and the recoverable expenses (common area maintenance, real estate taxes, etc.) the tenants can afford to pay.

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

| Year Ended December 31, | Total Tenant Sales (in millions) | Annual Percentage Increase |
|---|---|---|
| 1999 | $17,169 | 17.7% |
| 1998 | 14,587 | 52.9 |
| 1997 | 9,539 | 20.4 |
| 1996 | 7,921 | 3.6 |

Regional mall sales per square foot increased 7.0% in 1999 to $367 as compared to $343 in 1998. In addition, sales per square foot at regional malls of reporting tenants operating for at least two consecutive years ("Comparable Sales") increased from $346 to $377, or 9.0%, from 1998 to 1999. Simon Group believes its strong sales growth in 1999 is the result of its continued aggressive retenanting efforts and the redevelopment of many of the Properties. Sales per square foot and Comparable Sales at the community shopping centers increased in 1999 by $7 or 3.8% and $10 or 5.6%, respectively.

Tenant Occupancy Costs. Tenant occupancy costs as a percentage of sales remained at 12.3% in 1999 and 1998 in the regional mall portfolio. A tenant's ability to pay rent is affected by the percentage of its sales represented by occupancy costs, which consist of rent and expense recoveries. As sales levels increase, if expenses subject to recovery are controlled, the tenant can pay higher rent. Management believes Simon Group is one of the lowest-cost providers of retail space, which has permitted the rents in both regional malls and community shopping centers to increase without raising a tenant's total occupancy cost beyond its ability to pay. Management believes continuing efforts to increase sales while controlling property operating expenses will continue the trend of increasing rents at the Properties.

Occupancy Levels and Average Base Rents. Occupancy and average base rent is based on Owned GLA at mall and freestanding stores in the regional malls and all tenants at value-oriented regional malls and community shopping centers. Management believes the continued growth in regional mall occupancy is a result of a significant increase in the overall quality of Simon Group's Portfolio. The result of the increase in occupancy is a direct or indirect increase in nearly every category of revenue. Owned GLA increased 12.5 million square feet from December 31, 1998, to December 31, 1999, primarily as a result of the NED Acquisition, the purchase of an interest in Mall of America and the 1999 Property openings.

| | Occupancy Levels | | |
|---|---|---|---|
| December 31, | Regional Malls | Value-Oriented Regional Malls | Community Shopping Centers |
| 1999 | 90.6% | 95.1% | 88.6% |
| 1998 | 90.0 | 98.2 | 91.4 |
| 1997 | 87.3 | 93.8 | 91.3 |
| 1996 | 84.7 | N/A | 91.6 |

| | Average Base Rent per Square Foot | | | | | |
|---|---|---|---|---|---|---|
| Year Ended December 31, | Regional Malls | % Change | Value-Oriented Regional Malls | % Change | Community Shopping Centers | % Change |
| 1999 | $27.33 | 6.3% | $16.34 | (0.4)% | $8.36 | 8.9% |
| 1998 | 25.70 | 8.7 | 16.40 | 1.2 | 7.68 | 3.2 |
| 1997 | 23.65 | 14.4 | 16.20 | N/A | 7.44 | (2.7) |
| 1996 | 20.68 | 7.8 | N/A | N/A | 7.65 | 4.9 |

Year 2000 Project

Simon Group undertook a project (the "Y2K Project") to identify and correct problems arising from the inability of information technology hardware and software systems to process dates after December 31, 1999. Simon Group's Y2K Project focused first upon Simon Group's key information technology systems (the "IT Component") and secondly upon the information systems of key tenants and key third party service providers as well as imbedded systems within common areas of substantially all of the Properties (the "Non-IT Component"). Among other things, the Y2K Project assessed year 2000 readiness of all critical items and developed and implemented replacement and contingency plans based upon the information collected.

Simon Group experienced no disruptions in its key information technology systems or in the operation of its Properties as a result of any year 2000 occurrence, nor is Simon Group aware that any of its key tenants or key suppliers experienced any year 2000 issues which, in turn, have had any material adverse impact upon Simon Group's results of operations.

Simon Group is also aware that other dates may cause similar problems for information technology hardware and software systems to process dates thereafter. Simon Group believes that its Y2K Project addressed those issues in Simon Group's IT Component and Non-IT Component, but has put in place contingency plans substantially similar to those designed for the Y2K Project to address information technology issues that may arise on those future dates.

To date, Simon Group has expended $2.0 million on the Y2K Project and anticipates expending an additional $180 thousand to complete the implementation of any contingency and replacement plans in connection with its Y2K Project. These cost estimates do not include costs expended by Simon Group following the DRC Merger for software, hardware and related costs necessary to upgrade its primary operating, financial accounting and billing systems, which allowed those systems to, among other things, become year 2000 ready.

### Inflation

Inflation has remained relatively low during the past four years and has had a minimal impact on the operating performance of the Properties. Nonetheless, substantially all of the tenants' leases contain provisions designed to lessen the impact of inflation. Such provisions include clauses enabling Simon Group 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 Simon Group 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 Simon Group's exposure to increases in costs and operating expenses resulting from inflation.

However, inflation may have a negative impact on some of Simon Group'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.

### Seasonality

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

### New Accounting Pronouncements

On June 15, 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

SFAS 133 will be effective for Simon Group beginning with the 2001 fiscal year and may not be applied retroactively. Management is currently evaluating the impact of SFAS 133, which it believes could increase volatility in earnings and other comprehensive income.

On December 3, 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), which addressed certain revenue recognition policies, including the accounting for overage rent by a landlord. SAB 101 requires overage rent to be recognized as revenue only when each tenant's sales exceeds their sales threshold. Simon Group currently recognizes overage rent based on reported and estimated sales through the end of the period, less the applicable prorated base sales amount. Simon Group will adopt SAB 101 effective January 1, 2000. Management is currently evaluating the impact of SAB 101 and expects to record a loss from the cumulative effect of a change in accounting principle of approximately $13 million in the first quarter of 2000. In addition, SAB 101 will impact the timing in which overage rent is recognized throughout the year, but will not have a material impact on the total overage rent recognized in each full year.

# REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Simon Property Group, Inc. and SPG Realty Consultants, Inc.:

We have audited the accompanying combined balance sheets of Simon Property Group, Inc. and subsidiaries and its paired share affiliate, SPG Realty Consultants, Inc. and subsidiaries (see Note 2), as of December 31, 1999 and 1998, and the related combined statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. We have audited the accompanying consolidated balance sheets of Simon Property Group, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related statements of operations, shareholders' equity and cash flows for each of the three years in the period ended December 31, 1999. We have also audited the accompanying consolidated balance sheets of SPG Realty Consultants, Inc. (a Delaware corporation) and subsidiaries as of December 31, 1999 and 1998, and the related statements of operations, shareholders' equity and cash flows for the two years in the period ended December 31, 1999. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Simon Property Group, Inc. and subsidiaries and its paired share affiliate, SPG Realty Consultants, Inc. and subsidiaries, as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, the consolidated financial position of Simon Property Group, Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999, and the consolidated financial position of SPG Realty Consultants, Inc. and subsidiaries as of December 31, 1999, and the results of their operations and their cash flows for the two years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana
February 16, 2000.

Balance Sheets

Simon Property Group, Inc. and SPG Realty Consultants, Inc. Combined

(Dollars in thousands, except per share amounts)

| | December 31, 1999 | December 31, 1998 |
|---|---|---|
| ASSETS: | | |
| Investment properties, at cost | $12,802,052 | $11,850,014 |
| Less -- accumulated depreciation | 1,098,881 | 722,371 |
| | 11,703,171 | 11,127,643 |
| Cash and cash equivalents | 157,632 | 129,195 |
| Tenant receivables and accrued revenue, net | 289,152 | 218,581 |
| Notes and advances receivable from Management Company and affiliate | 162,082 | 115,378 |
| Investment in partnerships and joint ventures, at equity | 1,522,024 | 1,306,753 |
| Investment in Management Company and affiliates | 6,833 | 10,037 |
| Other investment | 44,902 | 50,176 |
| Goodwill, net | 39,556 | 58,134 |
| Deferred costs and other assets, net | 262,958 | 228,965 |
| Minority interest, net | 34,933 | 32,138 |
| | $14,223,243 | $13,277,000 |
| LIABILITIES: | | |
| Mortgages and other indebtedness | $ 8,768,951 | $ 7,973,372 |
| Accounts payable and accrued expenses | 479,783 | 415,186 |
| Cash distributions and losses in partnerships and joint ventures, at equity | 32,995 | 29,139 |
| Other liabilities | 213,909 | 95,131 |
| Total liabilities | 9,495,638 | 8,512,828 |
| COMMITMENTS AND CONTINGENCIES (Note 13) | | |
| LIMITED PARTNERS' INTEREST IN THE OPERATING PARTNERSHIPS | 984,465 | 1,015,634 |
| LIMITED PARTNERS' PREFERRED INTEREST IN THE SPG OPERATING PARTNERSHIP | 149,885 | -- |
| PREFERRED STOCK OF SUBSIDIARY | 339,597 | 339,329 |
| SHAREHOLDERS' EQUITY: | | |
| CAPITAL STOCK OF SIMON PROPERTY GROUP, INC.: | | |
| All series of preferred stock (Note 11) | 542,838 | 717,916 |
| Common stock, $.0001 par value, 400,000,000 shares authorized, and 169,961,255 and 163,571,031 issued and outstanding, respectively | 17 | 16 |
| Class B common stock, $.0001 par value, 12,000,000 shares authorized, 3,200,000 issued and outstanding | 1 | 1 |
| Class C common stock, $.0001 par value, 4,000 shares authorized, issued and outstanding | -- | -- |
| CAPITAL STOCK OF SPG REALTY CONSULTANTS, INC.: | | |
| Common stock, $.0001 par value, 7,500,000 shares authorized, 1,731,653 and 1,667,750 issued and outstanding, respectively | -- | -- |
| Capital in excess of par value | 3,298,025 | 3,083,213 |
| Accumulated deficit | (551,251) | (372,313) |
| Unrealized gain (loss) on long-term investment | (5,852) | 126 |
| Unamortized restricted stock award | (22,139) | (19,750) |
| Less common stock held in treasury at cost, 310,955 and 0 shares, respectively | (7,981) | -- |
| Total shareholders' equity | 3,253,658 | 3,409,209 |
| | $14,223,243 | $13,277,000 |

The accompanying notes are an integral part of these statements.

Statements of Operations
Simon Property Group, Inc. and SPG Realty Consultants, Inc. Combined

(Dollars in thousands, except per share amounts)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| REVENUE: | | | |
| Minimum rent | $1,146,659 | $ 850,708 | $ 641,352 |
| Overage rent | 60,976 | 49,689 | 38,810 |
| Tenant reimbursements | 583,777 | 429,470 | 322,416 |
| Other income | 101,291 | 75,692 | 51,589 |
| Total revenue | 1,892,703 | 1,405,559 | 1,054,167 |
| EXPENSES: | | | |
| Property operating | 294,699 | 226,426 | 176,846 |
| Depreciation and amortization | 382,176 | 268,442 | 200,900 |
| Real estate taxes | 187,627 | 133,698 | 98,830 |
| Repairs and maintenance | 70,760 | 53,296 | 43,000 |
| Advertising and promotion | 65,843 | 50,754 | 32,891 |
| Provision for credit losses | 8,541 | 6,614 | 5,992 |
| Other | 28,812 | 24,117 | 18,678 |
| Total operating expenses | 1,038,458 | 763,347 | 577,137 |
| OPERATING INCOME | 854,245 | 642,212 | 477,030 |
| INTEREST EXPENSE | 579,593 | 419,918 | 287,823 |
| INCOME BEFORE MINORITY INTEREST | 274,652 | 222,294 | 189,207 |
| MINORITY INTEREST | (10,719) | (7,335) | (5,270) |
| GAIN (LOSS) ON SALES OF ASSETS, NET | (7,062) | (7,283) | 20 |
| INCOME TAX BENEFIT OF SRC | 3,374 | - | - |
| INCOME BEFORE UNCONSOLIDATED ENTITIES | 260,245 | 207,676 | 183,957 |
| INCOME FROM UNCONSOLIDATED ENTITIES | 55,855 | 28,554 | 19,176 |
| INCOME BEFORE UNUSUAL AND EXTRAORDINARY ITEMS | 316,100 | 236,230 | 203,133 |
| UNUSUAL ITEM (Note 13) | (12,000) | - | - |
| EXTRAORDINARY ITEMS - DEBT RELATED TRANSACTIONS | (6,705) | 7,146 | 58 |
| INCOME BEFORE ALLOCATION TO LIMITED PARTNERS | 297,395 | 243,376 | 203,191 |
| LESS: | | | |
| LIMITED PARTNERS' INTEREST IN THE OPERATING PARTNERSHIPS | 60,758 | 68,307 | 65,954 |
| PREFERRED DISTRIBUTIONS OF THE SPG OPERATING PARTNERSHIP | 2,917 | - | - |
| PREFERRED DIVIDENDS OF SUBSIDIARY | 29,335 | 7,816 | - |
| NET INCOME | 204,385 | 167,253 | 137,237 |
| PREFERRED DIVIDENDS | (37,071) | (33,655) | (29,248) |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | $ 167,314 | $ 133,598 | $ 107,989 |
| BASIC EARNINGS PER COMMON PAIRED SHARE: | | | |
| Income before extraordinary items | $ 1.00 | $ 1.02 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | - |
| Net income | $ 0.97 | $ 1.06 | $ 1.08 |
| DILUTED EARNINGS PER COMMON PAIRED SHARE: | | | |
| Income before extraordinary items | $ 1.00 | $ 1.02 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | - |
| Net income | $ 0.97 | $ 1.06 | $ 1.08 |

The accompanying notes are an integral part of these statements.

Statements of Shareholders' Equity
Simon Property Group, Inc. and SPG Realty Consultants, Inc. Combined

(Dollars in thousands)

| | SPG Preferred Stock | SPG Common Stock | SRC Common Stock | Unrealized Gain (Loss) on Long-Term Investment | Capital in Excess of Par Value |
|---|---|---|---|---|---|
| Balance at December 31, 1996 | 292,912 | 10 | -- | -- | 1,189,919 |
| Common stock issued to the public (5,858,887 shares) | | 1 | | | 190,026 |
| Common stock issued in connection with acquisitions (2,193,037 shares) | | | | | 70,000 |
| Stock options exercised (369,902 shares) | | | | | 8,625 |
| Other common stock issued (82,484 shares) | | | | | 2,268 |
| Stock incentive program (448,753 shares) | | | | | 14,016 |
| Amortization of stock incentive | | | | | |
| Series C Preferred stock issued (3,000,000 shares) | 146,072 | | | | |
| Conversion of Series A Preferred stock into 3,809,523 shares of common stock | (99,923) | | | | 99,923 |
| Transfer out of limited partners' interest in the Operating Partnership | | | | | (82,869) |
| Unrealized gain on long-term investment | | | | 2,420 | |
| Net income | | | | | |
| Distributions | | | | | |
| Balance at December 31, 1997 | 339,061 | 11 | -- | 2,420 | 1,491,908 |
| Common stock issued to the public (2,957,335 shares) | | 1 | | | 91,398 |
| CPI Merger (Notes 4 and 11) | | | | | |
| SPG Preferred | 717,916 | | | | |
| SPG Common (53,078,564 shares) | | 5 | | | 1,758,733 |
| SRC Net Assets | | | | | 14,755 |
| Preferred stock of Subsidiary | (339,061) | | | | |
| Common stock issued in connection with acquisitions (519,889 shares) | | | | | 17,176 |
| Stock incentive program (495,131 shares) | | | | | 15,983 |
| Other common stock issued (81,111 shares) | | | | | 2,182 |
| Amortization of stock incentive | | | | | |
| Transfer out of limited partners' interest in the Operating Partnerships | | | | | (308,922) |
| Distributions | | | | | |
| Subtotal | 717,916 | 17 | -- | 2,420 | 3,083,213 |
| Comprehensive Income: | | | | | |
| Unrealized loss on long-term investment | | | | (2,294) | |
| Net income | | | | | |
| Total Comprehensive Income: | -- | -- | -- | (2,294) | -- |
| Balance at December 31, 1998 | 717,916 | 17 | -- | 126 | 3,083,213 |
| Preferred stock conversion (5,926,440 shares) | (199,320) | 1 | | | 199,319 |
| Common stock issued as dividend (153,890 shares) | | | | | 4,030 |
| Preferred stock issued in acquisition | 24,242 | | | | |
| Stock incentive program (537,861 shares) | | | | | 13,635 |
| Amortization of stock incentive | | | | | |
| Shares purchased by subsidiary (310,955 shares) | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Stock options exercised (82,988 shares) | | | | | 2,138 |
| Transfer out of limited partners' interest in the Operating Partnerships | | | | | (4,310) |
| Distributions | | | | | |
| Subtotal | 542,838 | 18 | -- | 126 | 3,298,025 |
| Comprehensive Income: | | | | | |
| Unrealized loss on long-term investment | | | | (5,978) | -- |
| Net income | | | | | |
| Total Comprehensive Income: | -- | -- | -- | (5,978) | -- |
| Balance at December 31, 1999 | $ 542,838 | $ 18 | $ -- | $ (5,852) | $ 3,298,025 |

| | Accumulated Deficit | Unamortized Restricted Stock Award | Common Stock Held in Treasury | Total Shareholders' Equity |
|---|---|---|---|---|
| Balance at December 31, 1996 | (172,596) | (5,354) | -- | 1,304,891 |
| Common stock issued to the public (5,858,887 shares) | | | | 190,027 |
| Common stock issued in connection with acquisitions (2,193,037 shares) | | | | 70,000 |
| Stock options exercised (369,902 shares) | | | | 8,625 |
| Other common stock issued (82,484 shares) | | | | 2,268 |
| Stock incentive program (448,753 shares) | | (13,262) | | 754 |
| Amortization of stock incentive | | 5,386 | | 5,386 |
| Series C Preferred stock issued (3,000,000 shares) | | | | 146,072 |
| Conversion of Series A Preferred stock into 3,809,523 shares of common stock | | | | -- |
| Transfer out of limited partners' interest in the Operating Partnership | | | | (82,869) |
| Unrealized gain on long-term investment | | | | 2,420 |
| Net income | 137,237 | | | 137,237 |
| Distributions | (227,949) | | | (227,949) |
| Balance at December 31, 1997 | (263,308) | (13,230) | -- | 1,556,862 |
| Common stock issued to the public (2,957,335 shares) | | | | 91,399 |
| CPI Merger (Notes 4 and 11) | | | | |
| SPG Preferred | | | | 717,916 |
| SPG Common (53,078,564 shares) | | | | 1,758,738 |
| SRC Net Assets | | | | 14,755 |
| Preferred stock of Subsidiary | | | | (339,061) |
| Common stock issued in connection with acquisitions (519,889 shares) | | | | 17,176 |
| Stock incentive program (495,131 shares) | | (15,983) | | -- |
| Other common stock issued (81,111 shares) | | | | 2,182 |
| Amortization of stock incentive | | 9,463 | | 9,463 |
| Transfer out of limited partners' interest in the Operating Partnerships | | | | (308,922) |
| Distributions | (276,258) | | | (276,258) |
| Subtotal | (539,566) | (19,750) | -- | 3,244,250 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | | (2,294) |
| Net income | 167,253 | | | 167,253 |
| Total Comprehensive Income: | 167,253 | -- | -- | 164,959 |
| Balance at December 31, 1998 | (372,313) | (19,750) | -- | 3,409,209 |
| Preferred stock conversion (5,926,440 shares) | | | | -- |

| | | | | |
|---|---|---|---|---|
| Common stock issued as dividend (153,890 shares) | | | | 4,030 |
| Preferred stock issued in acquisition | | | | 24,242 |
| Stock incentive program (537,861 shares) | | (12,990) | | 645 |
| Amortization of stock incentive | | 10,601 | | 10,601 |
| Shares purchased by subsidiary (310,955 shares) | | | (7,981) | (7,981) |
| Stock options exercised (82,988 shares) | | | | 2,138 |
| Transfer out of limited partners' interest in the Operating Partnerships | | | | (4,310) |
| Distributions | (383,323) | | | (383,323) |
| Subtotal | (755,636) | (22,139) | (7,981) | 3,055,251 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | | (5,978) |
| Net income | 204,385 | | | 204,385 |
| Total Comprehensive Income: | 204,385 | -- | -- | 198,407 |
| Balance at December 31, 1999 | $(551,251) | $(22,139) | $(7,981) | $3,253,658 |

The accompanying notes are an integral part of these statements.

Statements of Cash Flows
Simon Property Group, Inc. and SPG Realty Consultants, Inc. Combined

(Dollars in thousands)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 204,385 | $ 167,253 | $ 137,237 |
| Adjustments to reconcile net income to net cash provided by operating activities-- | | | |
| Depreciation and amortization | 394,004 | 278,812 | 208,539 |
| Extraordinary items | 6,705 | (7,146) | (58) |
| Loss (gain) on sales of assets, net | 7,062 | 7,283 | (20) |
| Limited partners' interest in Operating Partnerships | 60,758 | 68,307 | 65,954 |
| Preferred dividends of Subsidiary | 29,335 | 7,816 | -- |
| Preferred distributions of the SPG Operating Partnership | 2,917 | -- | -- |
| Straight-line rent | (17,995) | (9,345) | (9,769) |
| Minority interest | 10,719 | 7,335 | 5,270 |
| Equity in income of unconsolidated entities | (55,855) | (28,554) | (19,176) |
| Income tax benefit of SRC | (3,374) | -- | -- |
| Changes in assets and liabilities-- | | | |
| Tenant receivables and accrued revenue | (36,960) | (13,205) | (23,284) |
| Deferred costs and other assets | (23,090) | (7,846) | (30,203) |
| Accounts payable, accrued expenses and other liabilities | 48,445 | 58,705 | 36,417 |
| Net cash provided by operating activities | 627,056 | 529,415 | 370,907 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisitions | (339,065) | (1,942,724) | (980,427) |
| Capital expenditures | (504,561) | (349,708) | (305,178) |
| Cash from mergers, acquisitions and consolidation of joint ventures, net | 83,169 | 18,162 | 19,744 |
| Change in restricted cash | -- | 7,686 | (2,443) |
| Net proceeds from sale of assets | 58,703 | 46,087 | 599 |
| Investments in unconsolidated entities | (83,125) | (55,523) | (47,204) |
| Distributions from unconsolidated entities | 221,707 | 195,557 | 144,862 |
| Investments in and advances to Management Company and affiliate | (46,704) | (21,569) | (18,357) |
| Other investing activities | (3,000) | -- | (55,400) |
| Net cash used in investing activities | (612,876) | (2,102,032) | (1,243,804) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from sales of common and preferred stock, net | 2,069 | 114,570 | 344,438 |
| Minority interest distributions, net | (13,925) | (19,694) | (219) |
| Preferred dividends of Subsidiary | (29,335) | (7,816) | -- |
| Preferred distributions of the SPG Operating Partnership | (2,913) | -- | -- |
| Preferred dividends and distributions to shareholders | (385,878) | (272,797) | (227,949) |
| Distributions to limited partners | (129,941) | (136,551) | (122,442) |
| Mortgage and other note proceeds, net of transaction costs | 2,168,069 | 3,782,314 | 2,976,222 |
| Mortgage and other note principal payments | (1,593,889) | (1,867,913) | (2,030,763) |
| Other refinancing transaction | -- | -- | (21,000) |
| Net cash provided by financing activities | 14,257 | 1,592,113 | 918,287 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 28,437 | 19,496 | 45,390 |
| CASH AND CASH EQUIVALENTS, beginning of period | 129,195 | 109,699 | 64,309 |
| CASH AND CASH EQUIVALENTS, end of period | $ 157,632 | $ 129,195 | $ 109,699 |

The accompanying notes are an integral part of these statements.

Balance Sheets

Simon Property Group, Inc. Consolidated

(Dollars in thousands, except per share amounts)

| | December 31, 1999 | December 31, 1998 |
|---|---|---|
| ASSETS: | | |
| Investment properties, at cost | $ 12,794,484 | $ 11,816,325 |
| Less -- accumulated depreciation | 1,097,629 | 710,012 |
| | 11,696,855 | 11,106,313 |
| Cash and cash equivalents | 154,924 | 127,626 |
| Tenant receivables and accrued revenue, net | 288,506 | 217,798 |
| Notes and advances receivable from Management Company and affiliates | 162,082 | 115,378 |
| Mortgage note receivable from the SRC Operating Partnership (Interest at 6%, due 2013) | -- | 20,565 |
| Note receivable from the SRC Operating Partnership (Interest at 8%, due 2009) | 9,848 | -- |
| Investment in partnerships and joint ventures, at equity | 1,512,671 | 1,303,251 |
| Investment in Management Company and affiliate | 6,833 | 10,037 |
| Other investment | 41,902 | 50,176 |
| Goodwill, net | 39,556 | 58,134 |
| Deferred costs and other assets, net | 250,210 | 227,713 |
| Minority interest, net | 35,931 | 32,138 |
| | $ 14,199,318 | $ 13,269,129 |
| LIABILITIES: | | |
| Mortgages and other indebtedness | $ 8,768,841 | $ 7,972,381 |
| Note payable to the SRC Operating Partnership (Interest at 8%, due 2008) | -- | 17,907 |
| Accounts payable and accrued expenses | 478,633 | 411,259 |
| Cash distributions and losses in partnerships and joint ventures, at equity | 32,995 | 29,139 |
| Other liabilities | 213,506 | 95,326 |
| Total liabilities | 9,493,975 | 8,526,012 |
| COMMITMENTS AND CONTINGENCIES (Note 13) | | |
| LIMITED PARTNERS' INTEREST IN THE SPG OPERATING PARTNERSHIP | 978,316 | 1,009,646 |
| LIMITED PARTNERS' PREFERRED INTEREST IN THE SPG OPERATING PARTNERSHIP | 149,885 | -- |
| PREFERRED STOCK OF SUBSIDIARY | 339,597 | 339,329 |
| SHAREHOLDERS' EQUITY: | | |
| All series of preferred stock (Note 11) | 542,838 | 717,916 |
| Common stock, $.0001 par value, 400,000,000 shares authorized, and 169,961,255 and 163,571,031 issued and outstanding, respectively | 17 | 16 |
| Class B common stock, $.0001 par value, 12,000,000 shares authorized, 3,200,000 issued and outstanding | 1 | 1 |
| Class C common stock, $.0001 par value, 4,000 shares authorized, issued and outstanding | -- | -- |
| Capital in excess of par value | 3,283,566 | 3,068,458 |
| Accumulated deficit | (552,933) | (372,625) |
| Unrealized gain (loss) on long-term investment | (5,852) | 126 |
| Unamortized restricted stock award | (22,139) | (19,750) |
| Less common stock held in treasury at cost, 310,955 and 0 shares, respectively | (7,953) | -- |
| Total shareholders' equity | 3,237,545 | 3,394,142 |
| | $ 14,199,318 | $ 13,269,129 |

The accompanying notes are an integral part of these statements.

Statements of Operations
Simon Property Group, Inc. Consolidated

(Dollars in thousands, except per share amounts)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| REVENUE: | | | |
| Minimum rent | $ 1,146,098 | $ 850,351 | $ 641,352 |
| Overage rent | 60,976 | 49,689 | 38,810 |
| Tenant reimbursements | 583,780 | 429,350 | 322,416 |
| Other income | 104,117 | 75,682 | 51,589 |
| Total revenue | 1,894,971 | 1,405,072 | 1,054,167 |
| EXPENSES: | | | |
| Property operating | 294,347 | 226,426 | 176,846 |
| Depreciation and amortization | 381,823 | 267,876 | 200,900 |
| Real estate taxes | 187,506 | 133,580 | 98,830 |
| Repairs and maintenance | 70,752 | 53,308 | 43,000 |
| Advertising and promotion | 65,843 | 50,754 | 32,891 |
| Provision for credit losses | 8,522 | 6,610 | 5,992 |
| Other | 27,811 | 23,973 | 18,678 |
| Total operating expenses | 1,036,604 | 762,527 | 577,137 |
| OPERATING INCOME | 858,367 | 642,545 | 477,030 |
| INTEREST EXPENSE | 579,848 | 420,282 | 287,823 |
| INCOME BEFORE MINORITY INTEREST | 278,519 | 222,263 | 189,207 |
| MINORITY INTEREST | (10,719) | (7,335) | (5,270) |
| GAIN (LOSS) ON SALES OF ASSETS, NET | (1,942) | (7,283) | 20 |
| INCOME BEFORE UNCONSOLIDATED ENTITIES | 265,858 | 207,645 | 183,957 |
| INCOME FROM UNCONSOLIDATED ENTITIES | 49,641 | 28,145 | 19,176 |
| INCOME BEFORE UNUSUAL AND EXTRAORDINARY ITEMS | 315,499 | 235,790 | 203,133 |
| UNUSUAL ITEM (Note 13) | (12,000) | -- | -- |
| EXTRAORDINARY ITEMS - DEBT RELATED TRANSACTIONS | (6,705) | 7,146 | 58 |
| INCOME BEFORE ALLOCATION TO LIMITED PARTNERS | 296,794 | 242,936 | 203,191 |
| LESS: | | | |
| LIMITED PARTNERS' INTEREST IN THE SPG OPERATING PARTNERSHIP | 61,527 | 68,179 | 65,954 |
| PREFERRED DISTRIBUTIONS OF THE SPG OPERATING PARTNERSHIP | 2,917 | -- | -- |
| PREFERRED DIVIDENDS OF SUBSIDIARY | 29,335 | 7,816 | -- |
| NET INCOME | 203,015 | 166,941 | 137,237 |
| PREFERRED DIVIDENDS | (37,071) | (33,655) | (29,248) |
| NET INCOME AVAILABLE TO COMMON SHAREHOLDERS | $ 165,944 | $ 133,286 | $ 107,989 |
| BASIC EARNINGS PER COMMON SHARE: | | | |
| Income before extraordinary items | $ 0.99 | $ 1.01 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- |
| Net income | $ 0.96 | $ 1.05 | $ 1.08 |
| DILUTED EARNINGS PER COMMON SHARE: | | | |
| Income before extraordinary items | $ 0.99 | $ 1.01 | $ 1.08 |
| Extraordinary items | (0.03) | 0.04 | -- |
| Net income | $ 0.96 | $ 1.05 | $ 1.08 |

The accompanying notes are an integral part of these statements.

Statements of Shareholders' Equity

Simon Property Group, Inc. Consolidated

(Dollars in thousands)

| | Preferred Stock | All Classes of Common Stock | Unrealized Gain on Long-Term Investment | Capital in Excess of Par Value |
|---|---|---|---|---|
| Balance at December 31, 1996 | 292,912 | 10 | - | 1,189,919 |
| Common stock issued to the public (5,858,887 shares) | | 1 | | 190,026 |
| Common stock issued in connection with acquisitions (2,193,037 shares) | | | | 70,000 |
| Stock options exercised (369,902 shares) | | | | 8,625 |
| Other common stock issued (82,484 shares) | | | | 2,268 |
| Stock incentive program (448,753 shares) | | | | 14,016 |
| Amortization of stock incentive | | | | |
| Series C Preferred stock issued (3,000,000 shares) | 146,072 | | | |
| Conversion of Series A Preferred stock into 3,809,523 shares of common stock | (99,923) | | | 99,923 |
| Transfer out of limited partners' interest in the Operating Partnership | | | | (82,869) |
| Unrealized gain on long-term investment | | | 2,420 | |
| Net income | | | | |
| Distributions | | | | |
| Balance at December 31, 1997 | 339,061 | 11 | 2,420 | 1,491,908 |
| Common stock issued to the public (2,957,335 shares) | | 1 | | 91,398 |
| CPI Merger (Notes 4 and 11) | | | | |
| SPG Preferred | 717,916 | | | |
| SPG Common (53,078,564 shares) | | 5 | | 1,758,733 |
| Preferred stock of Subsidiary | (339,061) | | | |
| Common stock issued in connection with acquisitions (519,889 shares) | | | | 17,176 |
| Stock incentive program (495,131 shares) | | | | 15,983 |
| Other common stock issued (81,111 shares) | | | | 2,182 |
| Amortization of stock incentive | | | | |
| Transfer out of limited partners' interest in the SPG Operating Partnership | | | | (308,922) |
| Distributions | | | | |
| Subtotal | 717,916 | 17 | 2,420 | 3,068,458 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | (2,294) | |
| Net income | | | | |
| Total Comprehensive Income: | - | - | (2,294) | - |
| Balance at December 31, 1998 | 717,916 | 17 | 126 | 3,068,458 |
| Preferred stock conversion (5,926,440 shares) | (199,320) | 1 | | 198,786 |
| Common stock issued as dividend (153,890 shares) | | | | 4,016 |
| Preferred stock issued in acquisition | 24,242 | | | |
| Stock incentive program (537,861 shares) | | | | 13,587 |
| Amortization of stock incentive | | | | |
| Shares purchased by subsidiary (310,955 shares) | | | | |
| Stock options exercised (82,988 shares) | | | | 2,131 |
| Transfer out of limited partners' interest in the SPG Operating Partnership | | | | (3,412) |

| | | | | |
|---|---|---|---|---|
| Distributions | | | | |
| Subtotal | 542,838 | 18 | 126 | 3,283,566 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | (5,978) | |
| Net income | | | | |
| Total Comprehensive Income: | - | - | 5,978 | - |
| Balance at December 31, 1999 | $ 542,838 | $18 | $(5,852) | $3,283,566 |

| | Accumulated Deficit | Unamortized Restricted Stock Award | Common Stock Held in Treasury | Total Shareholders' Equity |
|---|---|---|---|---|
| Balance at December 31, 1996 | (172,596) | (5,354) | - | 1,304,891 |
| Common stock issued to the public (5,858,887 shares) | | | | 190,027 |
| Common stock issued in connection with acquisitions (2,193,037 shares) | | | | 70,000 |
| Stock options exercised (369,902 shares) | | | | 8,625 |
| Other common stock issued (82,484 shares) | | | | 2,268 |
| Stock incentive program (448,753 shares) | | (13,262) | | 754 |
| Amortization of stock incentive | | 5,386 | | 5,386 |
| Series C Preferred stock issued (3,000,000 shares) | | | | 146,072 |
| Conversion of Series A Preferred stock into 3,809,523 shares of common stock | | | | - |
| Transfer out of limited partners' interest in the Operating Partnership | | | | (82,869) |
| Unrealized gain on long-term investment | | | | 2,420 |
| Net income | 137,237 | | | 137,237 |
| Distributions | (227,949) | | | (227,949) |
| Balance at December 31, 1997 | (263,308) | (13,230) | - | 1,556,862 |
| Common stock issued to the public (2,957,335 shares) | | | | 91,399 |
| CPI Merger (Notes 4 and 11) | | | | |
| SPG Preferred | | | | 717,916 |
| SPG Common (53,078,564 shares) | | | | 1,758,738 |
| Preferred stock of Subsidiary | | | | (339,061) |
| Common stock issued in connection with acquisitions (519,889 shares) | | | | 17,176 |
| Stock incentive program (495,131 shares) | | (15,983) | | - |
| Other common stock issued (81,111 shares) | | | | 2,182 |
| Amortization of stock incentive | | 9,463 | | 9,463 |
| Transfer out of limited partners' interest in the SPG Operating Partnership | | | | (308,922) |
| Distributions | (276,258) | | | (276,258) |
| Subtotal | (539,566) | (19,750) | - | 3,229,495 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | | (2,294) |
| Net income | 166,941 | | | 166,941 |
| Total Comprehensive Income: | 166,941 | - | - | 164,647 |
| Balance at December 31, 1998 | (372,625) | (19,750) | - | 3,394,142 |
| Preferred stock conversion (5,926,440 shares) | | | | (533) |
| Common stock issued as dividend (153,890 shares) | | | | 4,016 |
| Preferred stock issued in acquisition | | | | 24,242 |
| Stock incentive program (537,861 shares) | | (12,990) | | 597 |

| | | | | |
|---|---|---|---|---|
| Amortization of stock incentive | | 10,601 | | 10,601 |
| Shares purchased by subsidiary (310,955 shares) | | | (7,953) | (7,953) |
| Stock options exercised (82,988 shares) | | | | 2,131 |
| Transfer out of limited partners' interest in the SPG Operating Partnership | | | | (3,412) |
| Distributions | (383,323) | | | (383,323) |
| Subtotal | (755,948) | (22,139) | (7,953) | 3,040,508 |
| Comprehensive Income: | | | | |
| Unrealized loss on long-term investment | | | | (5,978) |
| Net income | 203,015 | | | 203,015 |
| Total Comprehensive Income: | 203,015 | - | - | 197,037 |
| Balance at December 31, 1999 | $(552,933) | $(22,139) | $(7,953) | $3,237,545 |

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

Simon Property Group, Inc. Consolidated

(Dollars in thousands)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $ 203,015 | $ 166,941 | $ 137,237 |
| Adjustments to reconcile net income to net cash provided by operating activities-- | | | |
| Depreciation and amortization | 393,650 | 278,246 | 208,539 |
| Extraordinary items | 6,705 | (7,146) | (58) |
| Loss (gain) on sales of assets, net | 1,942 | 7,283 | (20) |
| Limited partners' interest in Operating Partnership | 61,527 | 68,179 | 65,954 |
| Preferred dividends of Subsidiary | 29,335 | 7,816 | -- |
| Preferred distributions of the SPG Operating Partnership | 2,917 | -- | -- |
| Straight-line rent | (17,998) | (9,334) | (9,769) |
| Minority interest | 10,719 | 7,335 | 5,270 |
| Equity in income of unconsolidated entities | (49,641) | (28,145) | (19,176) |
| Changes in assets and liabilities-- | | | |
| Tenant receivables and accrued revenue | (36,994) | (13,438) | (23,284) |
| Deferred costs and other assets | (23,524) | (7,289) | (30,203) |
| Accounts payable, accrued expenses and other liabilities | 48,123 | 76,915 | 36,417 |
| Net cash provided by operating activities | 629,776 | 547,363 | 370,907 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisitions | (339,065) | (1,942,724) | (980,427) |
| Capital expenditures | (491,357) | (345,619) | (305,178) |
| Cash from mergers, acquisitions and consolidation of joint ventures, net | 83,169 | 16,616 | 19,744 |
| Change in restricted cash | -- | 7,686 | (2,443) |
| Proceeds from sale of assets | 46,750 | 46,087 | 599 |
| Investments in unconsolidated entities | (83,124) | (55,523) | (47,204) |
| Distributions from unconsolidated entities | 221,509 | 195,497 | 144,862 |
| Investments in and advances to Management Company and affiliate | (46,704) | (21,569) | (18,357) |
| Mortgage loan payoff from the SRC Operating Partnership | 20,565 | -- | -- |
| Loan to the SRC Operating Partnership | (9,848) | -- | -- |
| Other investing activities | -- | -- | (55,400) |
| Net cash used in investing activities | (598,105) | (2,099,549) | (1,243,804) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from sales of common and preferred stock, net | 1,463 | 92,570 | 344,438 |
| Minority interest distributions, net | (14,923) | (19,694) | (219) |
| Preferred dividends of Subsidiary | (29,335) | (7,816) | -- |
| Preferred distributions of the SPG Operating Partnership | (2,913) | -- | -- |
| Preferred dividends and distributions to shareholders | (385,878) | (272,797) | (227,949) |
| Distributions to limited partners | (129,941) | (136,551) | (122,442) |
| Note payoff to the SRC Operating Partnership | (17,907) | -- | -- |
| Mortgage and other note proceeds, net of transaction costs | 2,168,069 | 3,782,314 | 2,976,222 |
| Mortgage and other note principal payments | (1,593,008) | (1,867,913) | (2,030,763) |
| Other refinancing transaction | -- | -- | (21,000) |
| Net cash provided by (used in) financing activities | (4,373) | 1,570,113 | 918,287 |
| INCREASE IN CASH AND CASH EQUIVALENTS | 27,298 | 17,927 | 45,390 |
| CASH AND CASH EQUIVALENTS, beginning of period | 127,626 | 109,699 | 64,309 |
| CASH AND CASH EQUIVALENTS, end of period | $ 154,924 | $ 127,626 | $ 109,699 |

The accompanying notes are an integral part of these statements.

Balance Sheets

SPG Realty Consultants, Inc. Consolidated

(Dollars in thousands, except per share amounts)

| | December 31, 1999 | December 31, 1998 |
|---|---|---|
| ASSETS: | | |
| Investment properties, at cost | $ 7,568 | $ 33,689 |
| Less -- accumulated depreciation | 1,252 | 12,359 |
| | 6,316 | 21,330 |
| Cash and cash equivalents | 2,708 | 1,569 |
| Note receivable from the SPG Operating Partnership (Interest at 8%, due 2008) | -- | 17,907 |
| Accounts receivable | 646 | 783 |
| Investments in joint ventures, at equity | 9,353 | 3,502 |
| Other investment | 3,000 | -- |
| Other (including $0 and $385 from related parties) | 13,006 | 1,510 |
| | $ 35,029 | $ 46,601 |
| LIABILITIES: | | |
| Mortgages and other indebtedness | $ 110 | $ 991 |
| Mortgage payable to the SPG Operating Partnership (Interest at 6%, due 2013) | -- | 20,565 |
| Note payable to the SPG Operating Partnership (Interest at 8%, due 2009) | 9,848 | -- |
| Other liabilities (including $0 and $289 to the SPG Operating Partnership) | 1,811 | 3,990 |
| Minority interest | 998 | -- |
| Total liabilities | 12,767 | 25,546 |
| COMMITMENTS AND CONTINGENCIES (Note 13) | | |
| LIMITED PARTNERS' INTEREST IN THE SRC OPERATING PARTNERSHIP | 6,149 | 5,988 |
| SHAREHOLDERS' EQUITY: | | |
| Common stock, $.0001 par value, 7,500,000 shares authorized, 1,731,653 and 1,667,750 issued and outstanding, respectively | -- | -- |
| Capital in excess of par value | 29,565 | 29,861 |
| Accumulated deficit | (13,424) | (14,794) |
| Less common stock held in treasury at cost, 3,110 and 0 shares, respectively | (28) | -- |
| Total shareholders' equity | 16,113 | 15,067 |
| | $ 35,029 | $ 46,601 |

The accompanying notes are an integral part of these statements.

Statements of Operations
SPG Realty Consultants, Inc. Consolidated

(In thousands, except per share amounts)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| REVENUE: | | | |
| Minimum rent (including $427, $1,525 and $1,227 from SPG/CPI) | $ 1,052 | $ 2,822 | $ 3,108 |
| Tenant reimbursements (including $212, $725 and $679 from SPG/CPI) | 210 | 916 | 968 |
| Management fee income (including $0, $0 and $1,710 from SPG/CPI) | -- | -- | 1,732 |
| Other income (none from SPG/CPI) | 1,015 | 844 | 406 |
| Total revenue | 2,277 | 4,582 | 6,214 |
| EXPENSES: | | | |
| Property operating (including $0, $113 and $0 to SPG/CPI) | 733 | 2,317 | 2,501 |
| Depreciation and amortization | 353 | 1,305 | 889 |
| Management fees (including $0, $0 and $1,400 to SPG/CPI) | -- | -- | 1,576 |
| Administrative and other (including $131, $450 and $700 to SPG/CPI) | 1,271 | 848 | 845 |
| Merger-related costs | -- | 4,093 | -- |
| Total operating expenses | 2,357 | 8,563 | 5,811 |
| OPERATING INCOME (LOSS) | (80) | (3,981) | 403 |
| INTEREST EXPENSE (including $3,720, $1,234 and $1,234 to SPG/CPI) | 3,787 | 1,279 | 1,365 |
| LOSS ON SALE OF ASSETS, NET | (5,120) | -- | -- |
| GAIN ON SALE OF PARTNERSHIP INTERESTS TO CPI | -- | -- | 1,259 |
| INCOME TAX BENEFIT (EXPENSE) | 3,374 | 190 | (670) |
| LOSS BEFORE UNCONSOLIDATED ENTITIES | (5,613) | (5,070) | (373) |
| INCOME FROM UNCONSOLIDATED ENTITIES | 6,214 | 767 | 1,550 |
| INCOME (LOSS) BEFORE ALLOCATION TO LIMITED PARTNERS | 601 | (4,303) | 1,177 |
| LESS--LIMITED PARTNERS' INTEREST IN THE SRC OPERATING PARTNERSHIP | (769) | 128 | -- |
| NET INCOME (LOSS) | $ 1,370 | $ (4,431) | $ 1,177 |
| NET INCOME (LOSS) DERIVED FROM: | | | |
| Pre-CPI Merger period (Note 4) | $ -- | $ (4,743) | $ 1,177 |
| Post-CPI Merger period (Note 4) | 1,370 | 312 | -- |
| | $ 1,370 | $ (4,431) | $ 1,177 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE: | | | |
| Income (loss) before extraordinary items | $ 0.80 | $ (5.17) | $ 2.07 |
| Extraordinary items | -- | -- | -- |
| Net income (loss) | $ 0.80 | $ (5.17) | $ 2.07 |
| BASIC WEIGHTED AVERAGE SHARES OUTSTANDING | 1,721 | 857 | 569 |
| DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING | 1,722 | 857 | 569 |

The accompanying notes are an integral part of these statements.

Statements of Shareholders' Equity
SPG Realty Consultants, Inc. Consolidated

(Dollars in thousands)

| | Common Stock | Capital in Excess of Par Value | Accumulated Deficit | Common Stock Held in Treasury | Total Shareholders' Equity |
|---|---|---|---|---|---|
| Balance at December 31, 1996 | $ -- | $ 14,425 | $ (9,386) | $ -- | $ 5,039 |
| Acquisition and retirement of Common stock | -- | (805) | | | (805) |
| Net income | | | 1,177 | | 1,177 |
| Distributions | | | (1,095) | | (1,095) |
| Balance at December 31, 1997 | -- | 13,620 | (9,304) | -- | 4,316 |
| Common stock issued (1,109,019 shares) | | 14,102 | | | 14,102 |
| Adjustment of limited partners' interest in the SRC Operating Partnership | | 2,139 | | | 2,139 |
| Distributions | -- | -- | (1,059) | | (1,059) |
| Subtotal | -- | 29,861 | (10,363) | -- | 19,498 |
| Comprehensive Income: | | | | | |
| Net loss | | | (4,431) | | (4,431) |
| Total Comprehensive Income: | -- | -- | (4,431) | -- | (4,431) |
| Balance at December 31, 1998 | -- | 29,861 | (14,794) | -- | 15,067 |
| Common stock issued (67,013 shares) | -- | 602 | | | 602 |
| Shares purchased by subsidiary (3,110 shares) | | | | (28) | (28) |
| Adjustment of limited partners' interest in the SRC Operating Partnership | | (898) | | | (898) |
| Subtotal | -- | 29,565 | (14,794) | (28) | 14,743 |
| Comprehensive Income: | | | | | |
| Net income | | | 1,370 | | 1,370 |
| Total Comprehensive Income: | -- | -- | 1,370 | -- | 1,370 |
| Balance at December 31, 1999 | $ -- | $ 29,565 | $ (13,424) | $ (28) | $ 16,113 |

The accompanying notes are an integral part of these statements.

Statements of Cash Flows

SPG Realty Consultants, Inc. Consolidated

(Dollars in thousands)

| | For the Year Ended December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income (loss) | $ 1,370 | $ (4,431) | $ 1,177 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities-- | | | |
| Depreciation and amortization | 353 | 1,305 | 889 |
| (Gain) loss on sales of assets, net | 5,120 | -- | (1.259) |
| Limited partners' interest in SRC Operating Partnership | (769) | 128 | -- |
| Straight-line rent | 2 | (12) | -- |
| Equity in income of unconsolidated entities | (6,214) | (767) | (1,550) |
| Income tax (benefit) expense | (3,374) | (190) | 670 |
| Changes in assets and liabilities-- | | | |
| Accounts receivable and other assets (including $11, $100 and $125 from related parties) | 468 | (103) | (336) |
| Other liabilities (including $104, $(366) and $305 to SPG/CPI) | 327 | (1,526) | 902 |
| Net cash provided by (used in) operating activities | (2,717) | (5,596) | 493 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Capital expenditures | (13,204) | (128) | (428) |
| Net proceeds from sales of assets (Including $2,363 from CPI in 1997) | 11,953 | -- | 2,363 |
| Investments in unconsolidated entities | -- | (3,921) | (16,732) |
| Distributions from unconsolidated entities | 198 | 19,193 | 1,827 |
| Note receivable from the SPG Operating Partnership | -- | (17,907) | -- |
| Payoff of note from the SPG Operating Partnership | 17,907 | -- | -- |
| Other investment | (3,000) | -- | -- |
| Net cash provided by (used in) investing activities | 13,854 | (2,763) | (12,970) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from sales of common stock, net | 602 | 14,102 | -- |
| Contributions from limited partners | -- | 8,000 | -- |
| Minority interst contributions | 998 | -- | -- |
| Acquisition and retirement of common stock | -- | -- | (805) |
| Distributions to shareholders | -- | (1,059) | (1,095) |
| Mortgage and other note proceeds, net of transaction costs (Including $9,848 from the SPG Operating Partnership in 1999) | 9,848 | 3,485 | 13,966 |
| Mortgage and other note principal payments (Including $21,446 to the SPG Operating Partnership in 1999) | (21,446) | (18,747) | (239) |
| Net cash provided by (used in) financing activities | (9,998) | 5,781 | 11,827 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 1,139 | (2,578) | (650) |
| CASH AND CASH EQUIVALENTS, beginning of period | 1,569 | 4,147 | 4,797 |
| CASH AND CASH EQUIVALENTS, end of period | $ 2,708 | $ 1,569 | $ 4,147 |

The accompanying notes are an integral part of these statements.

## 1. Organization

Simon Property Group, Inc. ("SPG"), a Delaware corporation, is a self-administered and self-managed real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). Each share of common stock of SPG is paired ("Paired Shares") with a beneficial interest in 1/100th of a share of common stock of SPG Realty Consultants, Inc., also a Delaware corporation ("SRC" and together with SPG, the "Companies").

Simon Property Group, L.P. (the "SPG Operating Partnership"), formerly known as Simon DeBartolo Group, L.P. ("SDG, LP"), is the primary subsidiary of SPG. Units of ownership interest ("Units") in the SPG Operating Partnership are paired with a Unit in SPG Realty Consultants, L.P. ("Paired Units") (the "SRC Operating Partnership" and together with the SPG Operating Partnership, the "Operating Partnerships"). The SRC Operating Partnership is the primary subsidiary of SRC. The Companies together with the Operating Partnerships are hereafter referred to as "Simon Group".

SPG, primarily through the SPG Operating Partnership, is engaged in the ownership, operation, management, leasing, acquisition, expansion and development of real estate properties, primarily regional malls and community shopping centers. As of December 31, 1999, SPG and the SPG Operating Partnership owned or held an interest in 259 income-producing properties, which consisted of 168 regional malls, 78 community shopping centers, four specialty retail centers, five office and mixed-use properties and four value-oriented super-regional malls in 36 states (the "Properties") and five additional retail real estate properties operating in Europe. SPG and the SPG Operating Partnership also owned an interest in two properties currently under construction and 11 parcels of land held for future development, which together with the Properties are hereafter referred to as the "Portfolio Properties". At December 31, 1999 and 1998, the Companies' direct and indirect ownership interests in the Operating Partnerships were 72.4% and 71.6%, respectively. The SPG Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company"). See Note 8 for a description of the activities of the Management Company.

SRC, primarily through the SRC Operating Partnership, engages primarily in activities that capitalize on the resources, customer base and operating activities of SPG, which could not be engaged in by SPG without potentially impacting its status as a REIT. These activities include a program launched in 1999 designed to take advantage of new retail opportunities of the digital age. Elements of the strategy include digitizing the existing assets of the Properties by implementing internet web sites for each of the Properties, creating products that leverage the digitalization of consumers and Simon merchants through an enhanced broadband network called TenantConnect.net and incubating concepts that leverage the physical and virtual worlds through a subsidiary venture creation subsidiary called clixnmortar.com. The SRC Operating Partnership's investment in the program is approximately $12,700, which is included in other assets in SRC's balance sheet as of December 31, 1999. Minority interest on the SRC balance sheet as of December 31, 1999 represents an 8.3% outside ownership interest in clixnmortar.com.

SRC has noncontrolling interests in two joint ventures which each own land held for sale, which are located adjacent to Properties. SRC also has an 18.5% ownership interest in piiq.com, an aggregator of internet retailers. This $3,000 investment is accounted for on the cost basis of accounting and is included in other investment in SRC's December 31, 1999 balance sheet. In addition, effective January 1, 2000, SRC formed Simon Brand Ventures, LLC, to continue and expand upon the mall marketing initiatives program established in 1997 by Simon Group to take advantage of Simon Group's size and tenant relationships, primarily through strategic corporate alliances.

Simon Group is subject to risks incidental to the ownership and operation of commercial real estate. These include, among others, the risks normally associated with changes in the general economic climate, trends in the retail industry, creditworthiness of tenants, competition for tenants and customers, changes in tax laws, interest rate levels, the availability of financing, and potential liability under environmental and other laws. Like most retail properties, Simon Group's regional malls and community shopping centers rely heavily upon anchor tenants. As of December 31, 1999, 337 of the approximately

981 anchor stores in the Properties were occupied by three retailers. An affiliate of one of these retailers is a limited partner in the Operating Partnerships.

## 2. Basis of Presentation

The accompanying combined financial statements include SPG, SRC and their subsidiaries. The accompanying consolidated financial statements of SPG and SRC include SPG and its subsidiaries and SRC and its subsidiaries, respectively. All significant intercompany amounts have been eliminated. SPG's financial statements and the combined financial statements reflect the CPI Merger (see Note 4) as of the close of business on September 24, 1998. Operating results prior to the completion of the CPI Merger represent the operating results of Simon DeBartolo Group, Inc. and its subsidiaries ("SDG"), the predecessor to SPG for financial reporting purposes. Accordingly, the term Simon Group, prior to the CPI Merger, refers to SDG and the SPG Operating Partnership. The separate statements of SRC include the historical results of Corporate Realty Consultants, Inc. ("CRC"), the predecessor to SRC, for all periods prior to the CPI Merger. SRC, unlike CPI (see Note 4), was not subject to purchase accounting treatment.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from these estimates.

Properties which are wholly-owned or owned less than 100% and are controlled by Simon Group are accounted for using the consolidated method of accounting. Control is demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the partnership without the consent of the limited partner and the inability of the limited partner to replace the general partner. The deficit minority interest balance in the accompanying balance sheets represents outside partners' interests in the net equity of certain Properties. Deficit minority interests were recorded when a partnership agreement provided for the settlement of deficit capital accounts before distributing the proceeds from the sale of partnership assets and/or from the intent (legal or otherwise) and ability of the partner to fund additional capital contributions. Investments in partnerships and joint ventures which represent noncontrolling ownership interests ("Joint Venture Properties") and the investment in the Management Company (see Note 8) are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income (loss), which is allocated in accordance with the provisions of the applicable partnership or joint venture agreement, and cash contributions and distributions. The allocation provisions in the partnership or joint venture agreements are not always consistent with the ownership interests held by each general or limited partner or joint venturer, primarily due to partner preferences.

Net operating results of the Operating Partnerships are allocated after preferred distributions (see Note 11), based on their respective partners' ownership interests. The Companies' weighted average direct and indirect ownership interest in the Operating Partnerships during 1999, 1998 and 1997 were 72.3%, 66.2% and 62.1%, respectively.

## 3. NED Acquisition

During 1999, Simon Group acquired ownership interests in 14 regional malls from New England Development Company (the "NED Acquisition"). Simon Group acquired one of the Properties directly and formed a joint venture with three partners ("Mayflower"), of which Simon Group owns 49.1%, to acquire interests in the remaining Properties. The total cost of the NED Acquisition is approximately $1.8 billion, of which Simon Group's share is approximately $894 million. Simon Group assumed management responsibilities for the portfolio, which includes approximately 10.7 million square feet of GLA. Simon Group's share of the cost of the NED Acquisition included the assumption of approximately $530,000 of mortgage indebtedness; $177,050 in cash; the issuance of 1,269,446 Paired Units valued at approximately $36,400; the issuance of 2,584,227 7% Convertible Preferred Units in the SPG Operating Partnership valued at approximately $72,800; and 2,584,227 8% Redeemable Preferred Units in the SPG Operating Partnership valued at approximately $78,000. Simon Group's share of the cash portion of the purchase price was financed primarily using the Credit Facility (See Note 9).

## 4. CPI Merger

For financial reporting purposes, as of the close of business on September 24, 1998, the CPI Merger was consummated pursuant to the Agreement and Plan of Merger dated February 18, 1998, among Simon DeBartolo Group, Inc., Corporate Property Investors, Inc. ("CPI"), and Corporate Realty Consultants, Inc. The CPI Merger included the addition of

23 regional malls, one community center, two office buildings and one regional mall and one community center under construction.

As part of the merger consideration, immediately prior to the consummation of the CPI Merger, the holders of CPI common stock were paid a merger dividend consisting of (i) $90 in cash, (ii) 1.0818 additional shares of CPI common stock and (iii) 0.19 shares of 6.50% Series B convertible preferred stock of CPI per share of CPI common stock. Immediately prior to the CPI Merger, there were 25,496,476 shares of CPI common stock outstanding. The cash portion of the merger consideration was financed with borrowings of $1.4 billion on the Merger Facility and $237,000 on the Credit Facility (See Note 9). The remaining merger consideration was liabilities assumed of approximately $2.3 billion. The aggregate value associated with the completion of the CPI Merger was approximately $5.9 billion, including transaction costs and liabilities assumed, in accordance with the purchase method of accounting. The value of the consideration paid by SDG has been allocated to the estimated fair value of the CPI assets acquired and liabilities assumed and resulted in goodwill of $41,021, as adjusted. Goodwill is amortized over the estimated life of the properties of 35 years.

In connection with the CPI Merger, CPI was renamed "Simon Property Group, Inc." CPI's paired-share affiliate, Corporate Realty Consultants, Inc., was renamed "SPG Realty Consultants, Inc." In addition SDG and SDG, LP were renamed "SPG Properties, Inc.", and "Simon Property Group, L.P.", respectively.

Upon completion of the CPI Merger, SPG transferred substantially all of the CPI assets acquired (other than one regional mall, Ocean County Mall, and certain net leased properties valued at approximately $153,100) to the SPG Operating Partnership or one or more subsidiaries of the SPG Operating Partnership in exchange for 47,790,550 Units and 5,053,580 preferred Units in the SPG Operating Partnership. The preferred Units carry the same rights and equal the number of preferred shares issued and outstanding as a direct result of the CPI Merger. Likewise, the net assets of SRC, with a carrying value of approximately $14,755, were transferred to the SRC Operating Partnership in exchange for Units.

SDG, LP contributed $14,000 cash to CRC and $8,000 cash to the SRC Operating Partnership on behalf of the SDG common stockholders and the limited partners of SDG, LP to obtain the beneficial interests in common stock of CRC, which were paired with the shares of common stock issued by SPG, and to obtain Units in the SRC Operating Partnership so that the limited partners of the SPG Operating Partnership would hold the same proportionate interest in the SRC Operating Partnership that they hold in the SPG Operating Partnership. The cash contributed to CRC and the SRC Operating Partnership in exchange for an ownership interest therein have been appropriately accounted for as capital infusion or equity transactions. The assets and liabilities of CRC are reflected at historical cost.

## 5. Other Real Estate Acquisitions, Disposals and Developments

### Acquisitions

During 1999, in addition to the NED Acquisition, Simon Group acquired the remaining interests in four Properties, and a noncontrolling 27.5% ownership interest in the 2.8 million square-foot Mall of America for a combined price of approximately $317,850, including the assumption of $134,300 of mortgage indebtedness, 1,000,000 shares of 8% Redeemable Preferred Stock in SPG issued at $24,242, and the remainder in cash, financed primarily through the Credit Facility and working capital. Simon Group is entitled to 50% of the economic benefits of Mall of America, due to a preference.

On February 27, 1998, Simon Group acquired a noncontrolling 50% joint venture interest in a portfolio of twelve regional malls and two community centers (the "IBM Properties") comprising approximately 10.7 million square feet of GLA. Simon Group's $487,250 share of the purchase price included the assumption of indebtedness of $242,500. Simon Group also assumed leasing and management responsibilities for six of the regional malls and one community center. Simon Group funded its share of the cash portion of the purchase price using borrowings from an interim $300,000 unsecured revolving credit facility, which was subsequently retired using borrowings from the Credit Facility.

During 1998, in addition to the CPI Merger and the acquisition of the IBM Properties, Simon Group acquired 100% of one Property, a 90% interest in another Property and additional interests in a total of six Properties for approximately $199,200, including the assumption of $62,100 of indebtedness and 2,864,088 Units valued at approximately $93,500, with the remainder in cash financed primarily through the Credit Facility and working capital. These transactions resulted in the addition of approximately 1.1 million square feet of GLA to the portfolio.

During 1997, Simon Group completed its cash tender offer for all of the outstanding shares of beneficial interests of The Retail Property Trust ("RPT"), a private REIT and the acquisition of RPT's operating partnership, Shopping Center Associates ("SCA"), which owned or had interests in twelve regional malls and one community center (the "SCA Properties"). In a series of subsequent transactions, Simon Group acquired the remaining ownership interest in three of the SCA Properties and sold its interest in four of the SCA Properties. The Property sales, which generated net cash proceeds of $43,050, were accounted for as an adjustment to the allocation of the purchase price. At the completion of these transactions (the "SCA Acquisition"), Simon Group owns 100% of eight of the nine SCA Properties, and a noncontrolling 50% ownership interest in the remaining Property. The total cost for the SCA Acquisition of approximately $1.3 billion included shares of common stock of SPG valued at approximately $50,000, Units in the SPG Operating Partnership valued at approximately $25,300, the assumption of $398,500 of consolidated indebtedness. Simon Group's pro rata share of joint venture indebtedness of $76,750, with the remainder comprised primarily of cash financed using Simon Group's Credit Facility. On September 15, 1998, RPT transferred its ownership interest in SCA to the SPG Operating Partnership in exchange for 27,195,109 Units in the SPG Operating Partnership.

Also in 1997, Simon Group acquired ownership interests in four regional malls and one community center for an aggregate purchase price of approximately $322,000. The purchase price included Units in the SPG Operating Partnership valued at $1,100, common stock of SPG valued at approximately $20,000 and the assumption of $64,772 of mortgage indebtedness, with the remainder paid in cash primarily using proceeds from the Credit Facility, sales of equity securities and working capital.

### Disposals

During 1999, 1998 and 1997, Simon Group sold ownership interests in four, five and one property, respectively, at a combined sale price of $58,700, $120,000 and $1,100, respectively. These sales generated net combined consolidated gains (losses) of ($7,062), ($7,283) and $20 in 1999, 1998 and 1997, respectively. Simon Group is continuing to pursue the sale of its remaining non-retail holdings, along with a number of retail assets that are no longer aligned with Simon Group's strategic criteria. If these assets are sold, management expects the sale prices will not differ materially from the carrying value of the related assets.

### Development Activity

Development of new retail assets is an ongoing part of Simon Group's strategy. Simon Group's share of development costs in 1999 was approximately $400,000. Six Properties opened in 1999 aggregating approximately 4.9 million square feet of GLA. During 1998, Simon Group opened two new community center Properties at a cost of approximately $102,000, with approximately 577,000 square feet of GLA, and Simon Group opened four new Properties in 1997 at a cost of approximately $230,000 with approximately 3,600,000 square feet of GLA. Construction also continues on two other new projects at an aggregate construction cost of approximately $340,000, of which approximately $140,000 is Simon Group's share. These developments are funded primarily with borrowings from the Credit Facility, construction loans and working capital.

In addition, Simon Group strives to increase profitability and market share of the existing Properties through the completion of strategic renovations and expansions. During 1999, 1998 and 1997, Simon Group invested approximately $277,000, $337,000 and $229,000, respectively on renovation and expansion of the Properties. These projects were also funded primarily with borrowings from the Credit Facility, construction loans and working capital.

### Pro Forma

The following unaudited pro forma summary financial information excludes any extraordinary items and combines the consolidated results of operations of SPG and SRC as if the CPI Merger had occurred on January 1, 1998, and was carried forward through December 31, 1998. Preparation of the pro forma summary information was based upon assumptions deemed appropriate by management. The pro forma summary information is not necessarily indicative of the results which actually would have occurred if the CPI Merger had been consummated on January 1, 1998, nor does it purport to represent the results of operations for future periods.

| | Year Ended December 31, 1998 |
|---|---|
| Revenue | $ 1,715,693 |
| Net income before allocation to Limited Partners (1) | 272,025 |
| Net income available to holders of common stock | 144,598 |
| Basic net income per Paired Share (1) | $ 0.87 |
| Diluted net income per Paired Share | $ 0.87 |
| Basic weighted average number of equivalent Paired Shares | 165,349,561 |
| Diluted weighted average number of equivalent Paired Shares | 165,706,710 |

(1) Includes net gains on the sales of assets of $37,973, or $0.17 on a basic earnings per share basis.

6. Summary of Significant Accounting Policies

Investment Properties

Investment Properties are recorded at cost (predecessor cost for Properties acquired from certain of the SPG Operating Partnership's unitholders). Investment Properties for financial reporting purposes are reviewed for impairment on a Property-by-Property basis whenever events or changes in circumstances indicate that the carrying value of investment Properties may not be recoverable. Impairment of investment Properties is recognized when estimated undiscounted operating income is less than the carrying value of the Property. To the extent an impairment has occurred, the excess of carrying value of the Property over its estimated fair value is charged to income.

Investment Properties include costs of acquisitions, development and predevelopment, construction, tenant allowances and improvements, interest and real estate taxes incurred during construction, certain capitalized improvements and replacements, and certain allocated overhead. Depreciation on buildings and improvements is provided utilizing the straight-line method over an estimated original useful life, which is generally 35 years or the term of the applicable tenant's lease in the case of tenant inducements. Depreciation on tenant allowances and improvements is provided utilizing the straight-line method over the term of the related lease.

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

Capitalized Software Costs

Simon Group capitalizes the cost of internally developed software once management has determined that the software will result in probable future economic benefits. Capitalized costs include external direct costs related to software development and implementation and payroll-related costs of certain employees working solely on these aspects of the project. Capitalized software costs will be amortized on a straight line basis over three years beginning when the system is ready and available for its intended use.

Capitalized Interest

Interest is capitalized on projects during periods of construction. Interest capitalized during 1999, 1998 and 1997 was $19,641, $10,567 and $11,589, respectively.

Segment Disclosure

Simon Group's interests in its regional malls, community centers and other assets represents one segment as they have similar economic and environmental conditions, business processes, types of customers (i.e. tenants) and services provided, and because resource allocation and other operating decisions are based on an evaluation of the entire portfolio.

Long-term Investment

Investments in securities classified as available for sale are reflected in other investments in the balance sheets at market value with the changes in market value reflected as comprehensive income in shareholders' equity.

Deferred Costs

Deferred costs consist primarily of financing fees incurred to obtain long-term financing, costs of interest rate protection agreements, and internal and external leasing commissions and related costs. Deferred financing costs, including interest rate protection agreements, are amortized on a straight-line basis over the terms of the respective loans or agreements. Deferred leasing costs are amortized on a straight-line basis over the terms of the related leases. Deferred costs of $149,863 and $127,454 are net of accumulated amortization of $121,477 and $116,239 in 1999 and 1998, respectively.

Interest expense in the accompanying Consolidated Statements of Operations includes amortization of deferred financing costs of $17,535, $11,835, and $8,338, for 1999, 1998 and 1997, respectively, and has been reduced by amortization of debt premiums and discounts of $5,707, $1,465 and $699 for 1999, 1998 and 1997, respectively.

Revenue Recognition

Simon Group, as a lessor, has retained substantially all of the risks and benefits of ownership of the investment Properties and accounts for its leases as operating leases. Minimum rents are accrued on a straight-line basis over the terms of their respective leases. Certain tenants are also required to pay overage rents based on sales over a stated base amount during the lease year. Through December 31, 1999, overage rents were recognized as revenues based on reported and estimated sales for each tenant through December 31, less the applicable prorated base sales amount. Differences between estimated and actual amounts are recognized in the subsequent year. As described in Note 15, Simon Group's accounting for overage rent will be modified effective January 1, 2000.

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

Allowance for Credit Losses

A provision for credit losses is recorded based on management's judgment of tenant creditworthiness. The activity in the allowance for credit losses during 1999, 1998 and 1997 was as follows:

| Year Ended | Balance at Beginning of Year | Provision for Credit Losses | Accounts Written Off | Balance at End of Year |
|---|---|---|---|---|
| December 31, 1999 | $14,491 | $8,541 | $(8,565) | $14,467 |
| December 31, 1998 | $13,804 | $6,614 | $(5,927) | $14,491 |
| December 31, 1997 | $ 7,918 | $5,992 | $ (106) | $13,804 |

Income Taxes

SPG. SPG and certain of its subsidiaries are taxed as REITs under Sections 856 through 860 of the Code and applicable Treasury regulations relating to REIT qualification, which requires REITs to distribute at least 95% of their taxable income to shareholders and meet certain other asset and income tests as well as other requirements. Management intends to continue to adhere to these requirements and maintain the REIT status of SPG and its REIT subsidiaries. As REITs, these entities will generally not be liable for federal corporate income taxes. Thus, no provision for federal income taxes for the REITs has been included in the accompanying financial statements. If any of these entities fail to qualify as a REIT in any taxable year, it will be subject to federal income taxes on its taxable income at regular corporate tax rates. State income taxes were not significant in any of the periods presented.

SRC. SRC, a C Corporation, is subject to income taxes on its earnings. SRC follows the liability method of accounting for income taxes in accordance with SFAS No. 109, Accounting For Income Taxes. The provision (benefit) for income taxes reflected in the separate financial statements of SRC was ($3,374), ($190) and $670 for 1999, 1998 and 1997, respectively. Deferred tax assets and liabilities consist primarily of tax credits, net operating loss carryforwards and asset basis differences. The net deferred tax asset (liability), net of necessary valuation allowances, at December 31, 1999 and 1998 was $0 and ($3,374), respectively, and is included in other liabilities in the accompanying balance sheets. A valuation allowance is provided for loss and credit carryforwards that management currently evaluates as not likely to be realized. The valuation allowance related to SRC's tax accounts is adjusted as necessary based on management's expectation of SRC's ability to utilize its tax benefit carryforwards. In 1998, SRC generated losses for which a valuation allowance was provided. In 1999, the income tax benefit represents SRC's pro rata share of the SRC Operating Partnership's current year losses and the realization of tax carryforward benefits for which a valuation allowance was previously provided.

Per Share Data

In accordance with SFAS No. 128 Earnings Per Share, basic earnings per share is based on the weighted average number of shares of common stock outstanding during the period and diluted earnings per share is based on the weighted average number of shares of common stock outstanding combined with the incremental weighted average shares that would have been outstanding if all dilutive potential common shares would have been converted into shares at the earliest date possible. The weighted average number of Paired Shares used in the computation for 1999, 1998 and 1997 was 172,088,590; 126,522,228; and 99,920,280, respectively. The diluted weighted average number of equivalent Paired Shares used in the computation for 1999, 1998 and 1997 was 172,225,592; 126,879,377 and 100,304,344, respectively.

Combined basic and diluted earnings per Paired Share is presented in the financial statements based upon the weighted average number of Paired Shares outstanding of the Companies, giving effect to the CPI Merger as of the close of business on September 24, 1998. Management believes this presentation provides the shareholders with the most meaningful presentation of earnings for a single interest in the combined entities.

Neither series of convertible preferred stock issued and outstanding during the comparative periods had a dilutive effect on earnings per share, nor did any of the convertible preferred Units of the SPG Operating Partnership outstanding, which are convertible into Paired Shares on or after August 27, 2004 if certain conditions are met. Paired Units held by limited partners in the Operating Partnerships may be exchanged for Paired Shares, on a one-for-one basis in certain circumstances. If exchanged, the paired Units would not have a dilutive effect. The increase in weighted average shares outstanding under the diluted method over the basic method in every period presented for the Companies is due entirely to the effect of outstanding stock options. Basic earnings and diluted earnings were the same for all periods presented.

Simon Group accrues distributions when they are declared. SPG declared distributions in 1999 and 1998 aggregating $2.02 per share of common stock, of which $1.06 and $0.97 represented a return of capital measured using generally accepted accounting principles. On a federal income tax basis, 10% of SPG's 1999 distribution represented a capital gain and 38% represented a return of capital. In 1998, 1% of SPG's 1998 distribution represented a capital gain and 48% represented a return of capital.

Statements of Cash Flows

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

Cash paid for interest, net of any amounts capitalized, during 1999, 1998 and 1997 was $566,191, $397,560 and $270,912, respectively.

Noncash Transactions

Accrued and unpaid distributions were $876 and $3,428 at December 31, 1999 and 1998, respectively. Please refer to Notes 3, 4, 5 and 11 for additional discussion of noncash transactions.

### Reclassifications

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

## 7. Investment Properties

Investment properties consist of the following:

| | December 31, 1999 | December 31, 1998 |
|---|---|---|
| Land | $ 2,137,579 | $ 2,094,881 |
| Buildings and improvements | 10,590,207 | 9,695,842 |
| Total land, buildings and improvements | 12,727,786 | 11,790,723 |
| Furniture, fixtures and equipment | 74,266 | 59,291 |
| Investment properties at cost | 12,802,052 | 11,850,014 |
| Less--accumulated depreciation | 1,098,881 | 722,371 |
| Investment properties at cost, net | $11,703,171 | $11,127,643 |

Investment properties includes $201,349 and $184,875 of construction in progress at December 31, 1999 and 1998, respectively.

## 8. Investments in Unconsolidated Entities

### Joint Venture Properties

From January 1, 1997 through December 31, 1999, the number of Properties Simon Group accounted for using the equity method of accounting has increased from 30 to 69. Please refer to Notes 3, 4 and 5.

Summary financial information of the Joint Venture Properties and a summary of Simon Group's investment in and share of income from such Properties follows.

| BALANCE SHEETS | December 31, 1999 | December 31, 1998 |
|---|---|---|
| Assets: | | |
| Investment properties at cost, net | $6,487,200 | $4,290,795 |
| Cash and cash equivalents | 171,372 | 173,778 |
| Tenant receivables | 160,477 | 140,579 |
| Other assets | 161,702 | 103,481 |
| Total assets | $6,980,751 | $4,708,633 |
| Liabilities and Partners' Equity: | | |
| Mortgages and other notes payable | $4,484,598 | $2,861,589 |
| Accounts payable, accrued expenses and other liabilities | 291,457 | 227,677 |
| Total liabilities | 4,776,055 | 3,089,266 |
| Partners' equity | 2,204,696 | 1,619,367 |
| Total liabilities and partners' equity | $6,980,751 | $4,708,633 |
| Simon Group's Share of: | | |
| Total assets | $2,843,025 | $1,910,021 |
| Partners' equity | $ 896,572 | $ 568,998 |
| Add: Excess Investment | 592,457 | 708,616 |
| Simon Group's net Investment in Joint Ventures | $1,489,029 | $1,277,614 |

| STATEMENTS OF OPERATIONS | For the Year Ended December 31, 1999 | 1998 | 1997 |
|---|---|---|---|
| Revenue: | | | |
| Minimum rent | $570,902 | $442,530 | $256,100 |
| Overage rent | 25,957 | 18,465 | 10,510 |
| Tenant reimbursements | 276,207 | 204,936 | 120,380 |
| Other income | 57,695 | 31,045 | 19,364 |
| Total revenue | 930,761 | 696,976 | 406,354 |
| Operating Expenses: | | | |
| Operating expenses and other | 324,051 | 245,927 | 144,256 |
| Depreciation and amortization | 170,339 | 129,681 | 85,423 |
| Total operating expenses | 494,390 | 375,608 | 229,679 |
| Operating Income | 436,371 | 321,368 | 176,675 |
| Interest Expense | 235,826 | 176,669 | 96,675 |
| Extraordinary Items- Debt Extinguishments | (66) | (11,058) | (1,925) |
| Net Income | $200,479 | $133,641 | $ 78,075 |
| Third-Party Investors' Share of Net Income | 122,087 | 88,314 | 55,507 |
| Simon Group's Share of Net Income | $ 78,392 | $ 45,327 | $ 22,568 |
| Amortization of Excess Investment | 27,252 | 22,625 | 13,878 |
| Income from Unconsolidated Entities | $ 51,140 | $ 22,702 | $ 8,690 |

As of December 31, 1999 and 1998, the unamortized excess of Simon Group's investment over its share of the equity in the underlying net assets of the partnerships and joint ventures acquired ("Excess Investment") was $592,457 and $708,616, respectively, which is amortized over the life of the related Properties. Amortization included in income from unconsolidated entities for the years ended December 31, 1999, 1998 and 1997 was $27,252, $22,625 and $13,878, respectively. Included in the 1999 amortization is a $5,000 writedown on a joint venture investment.

At December 31, 1999, SRC's investment in unconsolidated joint ventures, which is included in the summary financial information above, represents noncontrolling interests in two joint ventures that each own land held for sale, which are adjacent to two of the Properties. Included in 1999 total assets, total revenue and net income above was $18,505, $12,539 and $11,902, respectively, related to these SRC joint venture investments. During 1998, SRC also had a joint venture interest in a partnership which provided management and advisory services to a hotel. This investment was sold in 1999 for $28,500, which resulted in a $35 gain. Included in 1998 total assets, total revenue and net income above was $5,367, $481 and $481, respectively, related to SRC's joint venture investments.

The Management Company

Simon Group holds 80% of the outstanding common stock, 5% of the outstanding voting common stock, and all of the 8% cumulative preferred stock of the Management Company. The remaining 20% of the outstanding common stock of the Management Company (representing 95% of the voting common stock) is owned directly by Melvin Simon, Herbert Simon and David Simon. Because Simon Group exercises significant influence over the financial and operating policies of the Management Company, it is reflected in the accompanying statements using the equity method of accounting. The Management Company, including its consolidated subsidiaries, provides management, leasing, development, project management, accounting, legal, marketing and management information systems services and property damage and general liability insurance coverage to certain Portfolio Properties. Simon Group incurred costs of $75,697, $58,748 and $45,509 on consolidated Properties, related to services provided by the Management Company and its affiliates in 1999, 1998 and 1997, respectively. The Management Company also provides certain of such services to Melvin Simon & Associates, Inc. ("MSA"), and certain other nonowned properties for a fee. Fees for services provided by the Management Company to MSA were $3,853, $3,301 and $3,073 for the years ended December 31, 1999, 1998 and 1997, respectively.

The SPG Operating Partnership manages substantially all wholly-owned Properties and 40 Properties owned as joint venture interests, and, accordingly, it reimburses a subsidiary of the Management Company for costs incurred relating to the management of such Properties. Substantially all employees of Simon Group (other than direct field personnel) are employed by such Management Company subsidiary. The Management Company records costs net of amounts reimbursed by the SPG Operating Partnership. Common costs are allocated using assumptions that management believes are reasonable. The SPG Operating Partnership's share of allocated common costs was $55,051, $42,546 and $35,341 for 1999, 1998 and 1997, respectively. As of December 31, 1999 and 1998, amounts due from the Management Company for unpaid interest receivable and unpaid accrued preferred dividends were not material to the combined financial statements or to those of SPG. Amounts due to the Management Company under cost-sharing arrangements and management contracts are included in notes and advances receivable from Management Company and affiliates.

Included in operating income of the Management Company for 1999 is a $7,290 loss resulting from interests in two parcels of land held for sale by the Management Company, which were written down to their respective estimated fair market values.

Summarized consolidated financial information of the Management Company and a summary of Simon Group's investment in and share of income from the Management Company follows.

| BALANCE SHEET DATA: | December 31, 1999 | December 31, 1998 |
|---|---|---|
| Total assets | $184,501 | $198,952 |
| Notes payable to Simon Group at 11%, due 2008, and advances | 162,082 | 115,378 |
| Shareholders' equity | 21,740 | 7,279 |
| Simon Group's Share of: | | |
| Total assets | $172,935 | $184,273 |
| Shareholders' equity | $ 23,889 | $ 10,037 |

| OPERATING DATA: | For the Year Ended December 31, 1999 | 1998 | 1997 |
|---|---|---|---|
| Total revenue | $115,761 | $100,349 | $85,542 |
| Operating Income | 5,573 | 8,067 | 13,766 |
| Net Income Available for Common Shareholders | $ 4,173 | $ 6,667 | $12,366 |
| Simon Group's Share of Net Income after intercompany profit elimination | $ 4,715 | $ 5,852 | $10,486 |

European Investment

The SPG Operating Partnership and the Management Company have a 25% ownership interest in European Retail Enterprises, B.V. ("ERE") and Groupe BEG, S.A. ("BEG"), respectively, which are accounted for using the equity method of accounting. BEG and ERE are fully integrated European retail real estate developers, lessors and managers. Simon Group's total investment in ERE and BEG at December 31, 1999 was approximately $41,000, with commitments for an additional $22,000, subject to certain performance and other criteria, including Simon Group's approval of development projects. The agreements with BEG and ERE are structured to allow Simon Group to acquire an additional 25% ownership interest over time. As of December 31, 1999, BEG and ERE had three properties open in Poland and two in France.

The financial statements of Simon Group's European operations are measured utilizing the Euro and translated into U.S. dollars in accordance with SFAS No. 52, Foreign Currency Translation. Accordingly, results of operations are translated at the weighted average exchange rate for the period. The translation adjustment resulting form the conversion of BEG and ERE's balance sheets were not significant for the years ended December 31, 1999 and 1998.

9. Indebtedness

Simon Group's mortgages and other notes payable consist of the following:

| | December 31, 1999 | December 31, 1998 |
|---|---|---|
| **Fixed-Rate Debt** | | |
| Mortgages and other notes, including $28 and $1,917 net premiums, respectively. Weighted average interest and maturity of 7.4% and 6.1 years. | $2,304,435 | $2,291,893 |
| Unsecured notes, including ($275) and $7,992 net (discounts) premiums, respectively. Weighted average interest and maturity of 7.2% and 7.1 years. | 3,489,725 | 2,896,563 |
| 6 3/4% Putable Asset Trust Securities, including $913 and $1,111 premiums, respectively, due November 2003. | 100,913 | 101,111 |
| 7% Mandatory Par Put Remarketed Securities, including $5,214 and $5,273 premiums, respectively, due June 2028 and subject to redemption June 2008. | 205,214 | 205,273 |
| Commercial mortgage pass-through certificates. Five classes bearing interest at weighted average rates and maturities of 7.3% and 8.0 years. | 175,000 | 175,000 |
| Total fixed-rate debt | 6,275,287 | 5,669,840 |
| **Variable-Rate Debt** | | |
| Mortgages and other notes, including $884 and $1,275 premiums, respectively. Weighted average interest and maturity of 7.0% and 3.1 years. | $ 558,664 | $ 352,532 |
| Credit Facility (see below) | 785,000 | 368,000 |
| Merger Facility (see below) | 950,000 | 1,400,000 |
| Commercial mortgage pass-through certificates, interest at 6.2%, due December 2007. | 50,000 | 50,000 |
| Unsecured term loans, interest at 6.6%, due February 2002. | 150,000 | 133,000 |
| Total variable-rate debt | 2,493,664 | 2,303,532 |
| Total mortgages and other notes payable, net | $8,768,951 | $7,973,372 |

General. Certain of the Properties are cross-defaulted and cross-collateralized as part of a group of properties. Under certain of the cross-default provisions, a default under any mortgage included in the cross-defaulted package may constitute a default under all such mortgages and may lead to acceleration of the indebtedness due on each Property within the collateral package. Certain indebtedness is subject to financial performance covenants relating to leverage ratios, annual real property appraisal requirements, debt service coverage ratios, minimum net worth ratios, debt-to-market capitalization, and minimum equity values. Debt premiums and discounts are amortized over the terms of the related debt instruments. Certain mortgages and notes payable may be prepaid but are generally subject to a prepayment of a yield-maintenance premium.

Mortgages and Other Notes. Certain of the Properties are pledged as collateral to secure the related mortgage notes. The fixed and variable mortgage notes are nonrecourse; however certain notes have partial guarantees by affiliates of approximately $643,667. The fixed-rate mortgages generally require monthly payments of principal and/or interest. Variable-rate mortgages are typically based on LIBOR.

Unsecured Notes. Certain of Simon Group's unsecured notes totaling $825,000 with weighted average interests and maturities of 8.0% and 8.1 years, respectively, are structurally senior in right of payment to holders of other Simon Group unsecured notes to the extent of the assets and related cash flows of certain Properties. Certain of the unsecured notes are guaranteed by the SPG Operating Partnership.

On February 4, 1999, the SPG Operating Partnership completed the sale of $600,000 of senior unsecured notes. These notes include two $300,000 tranches. The first tranche bears interest at 6.75% and matures on February 4, 2004 and the second tranche bears interest at 7.125% and matures on February 4, 2009. The SPG Operating Partnership used the net proceeds of approximately $594,000 to retire the $450,000 initial tranche of the Merger Facility (see below) and to pay $142,000 on the outstanding balance of the Credit Facility (see below).

Credit Facility. The Credit Facility is a $1,250,000 unsecured revolving credit facility. During 1999, Simon Group obtained a three-year extension on the Credit Facility to August of 2002, with an additional one-year extension available at Simon Group's option. The Credit Facility bears interest at LIBOR plus 65 basis points, with an additional 15 basis point facility fee on the entire $1,250,000. The maximum and average amounts outstanding during 1999 under the Credit Facility were $785,000 and $487,255, respectively. The Credit Facility is primarily used for funding acquisition, renovation and expansion and predevelopment opportunities. At December 31, 1999, the Credit Facility had an effective interest rate of 6.47%, with $460,519 available after outstanding borrowings and letters of credit. The Credit Facility contains financial covenants relating to a capitalization value, minimum EBITDA and unencumbered EBITDA ratios and minimum equity values.

The Merger Facility. In conjunction with the CPI Merger, the SPG Operating Partnership and SPG, as co-borrowers, closed a $1,400,000 medium term unsecured bridge loan (the "Merger Facility"). The Merger Facility bears interest at a base rate of LIBOR plus 65 basis points and $450,000 of the remaining balance will mature on March 24, 2000, with the remaining $500,000 due on September 24, 2000. The Merger Facility is subject to covenants and conditions substantially identical to those of the Credit Facility. Financing costs of $9,707, which were incurred to obtain the Merger Facility, are amortized over 18 months.

Debt Maturity and Other

As of December 31, 1999, scheduled principal repayments on indebtedness were as follows:

| | |
|---|---|
| 2000 | $1,161,725 |
| 2001 | 268,474 |
| 2002 | 1,563,601 |
| 2003 | 1,135,047 |
| 2004 | 1,083,039 |
| Thereafter | 3,550,301 |
| Total principal maturities | 8,762,187 |
| Net unamortized debt premiums | 6,764 |
| Total mortgages and other notes payable | $8,768,951 |

The Joint Venture Properties have $4,484,598 and $2,861,589 of mortgages and other notes payable at December 31, 1999 and 1998, respectively. Simon Group's share of this debt was $1,876,158 and $1,227,044 at December 31, 1999 and 1998, respectively. This debt, including premiums of $22,521 in 1999, becomes due in installments over various terms extending through 2010, with interest rates ranging from 6.26% to 9.98% (weighted average rate of 7.37% at December 31, 1999). The debt, excluding the $22,521of premiums, matures $502,705 in 2000; $226,374 in 2001; $268,646 in 2002; $844,459 in 2003; $406,161 in 2004 and $2,213,732 thereafter.

### Interest Rate Protection Agreements

Simon Group has entered into interest rate protection agreements, in the form of "cap" or "swap" arrangements, with respect to certain of its variable-rate mortgages and other notes payable. Swap arrangements, which effectively fix Simon Group's interest rate on the respective borrowings, have been entered into for $248,000 principal amount of consolidated debt. Cap arrangements, which effectively limit the amount by which variable interest rates may rise, have been entered into for $190,000 principal amount of consolidated debt and cap LIBOR at rates ranging from 8.7% to 16.77% through the related debt's maturity. Costs of the caps ($1,338) are amortized over the life of the agreements. The unamortized balance of the cap arrangements was $187 and $429 as of December 31, 1999 and 1998, respectively. Simon Group's hedging activity as a result of interest swaps and caps resulted in net interest (expense) savings of ($1,880), $263 and $1,586 for the years ended December 31, 1999, 1998 and 1997, respectively. This did not materially impact Simon Group's weighted average borrowing rate.

### Fair Value of Financial Instruments

The carrying value of variable-rate mortgages and other loans represents their fair values. The fair value of combined fixed-rate mortgages and other notes payable, was approximately $5,649,467 and $6,100,000 at December 31, 1999 and 1998, respectively. The fair value of the combined interest rate protection agreements at December 31, 1999 and 1998, was $6,600 and ($7,213), respectively. At December 31, 1999 and 1998, the estimated discount rates were 8.06% and 6.70%, respectively.

## 10. Rentals under Operating Leases

Simon Group receives rental income from the leasing of retail and mixed-use space under operating leases. Future minimum rentals to be received under noncancelable operating leases for each of the next five years and thereafter, excluding tenant reimbursements of operating expenses and percentage rent based on tenant sales volume, as of December 31, 1999, are as follows:

| | |
|---|---|
| 2000 | $ 959,563 |
| 2001 | 899,615 |
| 2002 | 839,027 |
| 2003 | 759,301 |
| 2004 | 662,415 |
| Thereafter | 2,417,495 |
| | $6,537,416 |

Approximately 1.8% of future minimum rents to be received are attributable to leases with an affiliate of a limited partner in the SPG Operating Partnership.

## 11. Capital Stock

SPG is authorized to issue up to 750,000,000 shares, par value $0.0001 per share, of capital stock. The authorized shares of capital stock consist of 400,000,000 shares of common stock, 12,000,000 shares of Class B common stock, 4,000 shares of Class C common stock, 100,000,000 shares of preferred stock, and 237,996,000 shares of excess common stock. Each share of common stock of SPG is paired with 1/100th of a share of common stock of SRC.

SRC is authorized to issue up to 7,500,000 shares, par value $0.0001 per share, of common stock. SRC's historical shares and per share amounts have been adjusted to give effect to the change in SRC's par value of common stock from $0.10 per share to $0.0001 per share and to the CPI Merger exchange ratio of 2.0818 and to change the pairing of SRC's stock from 1/10th to 1/100th.

The Board of Directors is authorized to reclassify the excess common stock into one or more additional classes and series of capital stock to establish the number of shares in each class or series and to fix the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, and qualifications and terms and conditions of redemption of such class or series, without any further vote or action by the shareholders. The issuance of additional classes or series of capital stock may have the effect of delaying, deferring or preventing a change in control of SPG without further action of the shareholders. The ability of the Board of Directors to issue additional classes or series of capital stock, while providing flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of the Companies.

The holders of common stock of SPG are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders, other than for the election of directors. The holders of Class B common stock are entitled to elect four of the thirteen members of the board. The holder of the Class C common stock is entitled to elect two of the thirteen members of the board. The Class B and Class C shares can be converted into shares of common stock at the option of the holders. Shares of Class B common stock convert automatically into an equal number of shares of common stock upon the sale or transfer thereof to a person not affiliated with Melvin, Herbert or David Simon. Shares of Class C common stock convert automatically into an equal number of shares of common stock upon the sale or transfer thereof to a person not affiliated with the members of the DeBartolo family or entities controlled by them. The Companies have reserved 3,200,000 and 4,000 shares of common stock for the possible conversion of the outstanding Class B and Class C shares, respectively.

Common Stock Issuances

During 1998, SPG issued 2,957,335 shares of its common stock in offerings generating combined net proceeds of approximately $91,399. The net proceeds were contributed to the SPG Operating Partnership in exchange for a like number of Units. The SPG Operating Partnership used the net proceeds for general working capital purposes.

On November 11, 1997, SPG issued 3,809,523 shares of its common stock upon the conversion of all of the outstanding shares of SPG's 8.125% Series A Preferred Stock, $.0001 par value per share.

On September 19, 1997, SPG issued 4,500,000 shares of its common stock in a public offering. SPG contributed the net proceeds of approximately $146,800 to the SPG Operating Partnership in exchange for an equal number of Units. The SPG Operating Partnership used the net proceeds to retire a portion of the outstanding balance on the Credit Facility.

Preferred Stock

The following table summarizes each of the series of preferred stock of Simon Property Group, Inc.:

| | As of December 31, | |
|---|---|---|
| | 1999 | 1998 |
| Series A 6.5% Convertible Preferred Stock, 209,249 shares authorized, 53,271 and 209,249 issued and outstanding, respectively | $ 68,073 | $267,393 |
| Series B 6.5% Convertible Preferred Stock, 5,000,000 shares authorized, 4,844,331 issued and outstanding | 450,523 | 450,523 |
| Series C 7.00% Cumulative Convertible Preferred Stock, 2,700,000 shares authorized, none issued or outstanding | -- | -- |
| Series D 8.00% Cumulative Redeemable Preferred Stock, 2,700,000 shares authorized, none issued or outstanding | -- | -- |
| Series E 8.00% Cumulative Redeemable Preferred Stock, 1,000,000 shares authorized, 1,000,000 and 0 issued and outstanding, respectively | 24,242 | -- |
| | $542,838 | $717,916 |

Series A Convertible Preferred Stock. During 1999, 155,978 shares of SPG's Series A Convertible Preferred Stock were converted into 5,926,440 Paired Shares. In addition, another 153,890 Paired Shares were issued to the holders of the converted shares in lieu of the cash dividends allocable to those preferred shares. Each share of Series A Convertible Preferred Stock has a liquidation preference of $1,000 and is convertible into 37.995 Paired Shares, subject to adjustment under certain circumstances. The Series A Convertible Preferred Stock is not redeemable, except as needed to maintain or bring the direct or indirect ownership of the capital stock of SPG into conformity with REIT requirements.

Series B Convertible Preferred Stock. Each share of the Series B Convertible Preferred Stock has a liquidation preference of $100 and is convertible into 2.586 Paired Shares, subject to adjustment under circumstances identical to those of the Series A Preferred Stock. SPG may redeem the Series B Preferred Stock on or after September 24, 2003 at a price beginning at 105% of the liquidation preference plus accrued dividends and declining to 100% of the liquidation preference plus accrued dividends any time on or after September 24, 2008.

Series C Cumulative Convertible Preferred Stock and Series D Cumulative Redeemable Preferred Stock. In connection with the NED Acquisition, on August 27, 1999, SPG authorized these two new series of preferred stock to be available for issuance upon conversion by the holders or redemption by the SPG Operating Partnership of the 7.00% Preferred Units or the 8.00% Preferred Units, described below. Each of these new series of preferred stock has terms which are substantially identical to the respective series of Preferred Units.

Series E Cumulative Redeemable Preferred Stock. As part of the consideration for the purchase of ownership in Mall of America, SPG issued the Series E Cumulative Redeemable Preferred Stock for $24,242. The Series E Cumulative Redeemable Preferred Stock is redeemable beginning August 27, 2004 at the liquidation value of $25 per share.

Preferred Stock of Subsidiary

In connection with the CPI Merger, SPG Properties, Inc., formerly Simon DeBartolo Group, Inc., became a subsidiary of SPG. Accordingly, the 11,000,000 shares of Series B and Series C cumulative redeemable preferred stock described below have been reflected outside of equity as Preferred Stock of Subsidiary as of the date of the CPI Merger.

SPG Properties, Inc. has outstanding 3,000,000 shares of its 7.89% Series C Cumulative Step-Up Premium Rate/SM/ Preferred Stock (the "Series C Preferred Shares") with a liquidation value of $50.00 per share. Beginning October 1, 2012, the rate increases to 9.89% per annum. Management intends to redeem the Series C Preferred Shares prior to October 1, 2012. Beginning September 30, 2007, SPG Properties, Inc. may redeem the Series C Preferred Shares in whole or in part, using only the sale proceeds of other capital stock of SPG Properties, Inc., at a liquidation value of $50.00 per share, plus accrued and unpaid distributions, if any, thereon. 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 SPG Properties, Inc. The SPG Operating Partnership pays a preferred distribution to SPG Properties, Inc. equal to the dividends paid on the preferred stock.

SPG Properties, Inc. also has outstanding 8,000,000 shares of 8.75% Series B Cumulative Redeemable Preferred Stock, which it may redeem any time on or after September 29, 2006, at a liquidation value of $25.00 per share, plus accrued and unpaid dividends. The liquidation value (other than the portion thereof consisting of accrued and unpaid dividends) is payable solely out of the sale proceeds of other capital shares of SPG Properties, Inc., which may include other series of preferred shares. The SPG Operating Partnership pays a preferred distribution to SPG Properties, Inc. equal to the dividends paid on the preferred stock.

Limited Partners' Preferred Interests in the SPG Operating Partnership

In connection with the NED Acquisition, the SPG Operating Partnership issued two new series of preferred Units during 1999 as a component of the consideration for the Properties acquired. The SPG Operating Partnership authorized 2,700,000, and issued 2,584,227, 7.00% Cumulative Convertible Preferred Units (the "7.00% Preferred Units") having a liquidation value of $28.00 per Unit. The 7.00% Preferred Units accrue cumulative dividends at a rate of $1.96 annually, which is payable quarterly in arrears. The 7.00% Preferred Units are convertible at the holders' option on or after August 27, 2004, into either a like number of shares of 7.00% Cumulative Convertible Preferred Stock of SPG with terms substantially identical to the 7.00% Preferred Units or Paired Units at a ratio of 0.75676 to one provided that the closing stock price of SPG's Paired Shares exceeds $37.00 for any three consecutive trading days prior to the conversion date. The SPG Operating Partnership may redeem the 7.00% Preferred Units at their liquidation value plus accrued and unpaid distributions on or after August 27, 2009, payable in Paired Units. In the event of the death of a holder of the 7.00% Preferred Units, or the occurrence of certain tax triggering events applicable to a holder, the SPG Operating Partnership may be required to redeem the 7.00% Preferred Units at liquidation value payable at the option of the SPG Operating Partnership in either cash (the payment of which may be made in four equal annual installments) or Paired Shares.

The SPG Operating Partnership also authorized 2,700,000, and issued 2,584,227, 8.00% Cumulative Redeemable Preferred Units (the "8.00% Preferred Units") having a liquidation value of $30.00. The 8.00% Preferred Units accrue cumulative dividends at a rate of $2.40 annually, which is payable quarterly in arrears. The 8.00% Preferred Units are each paired with one 7.00% Preferred Unit or with the Units into which the 7.00% Preferred Units may be converted. The SPG Operating Partnership may redeem the 8.00% Preferred Units at their liquidation value plus accrued and unpaid distributions on or after August 27, 2009, payable in either new preferred units of the SPG Operating Partnership having the same terms as the 8.00% Preferred Units, except that the distribution coupon rate would be reset to a then determined market rate, or in Paired Units. The 8.00% Preferred Units are convertible at the holders' option on or after August 27, 2004, into 8.00% Cumulative Redeemable Preferred Stock of SPG with terms substantially identical to the 8.00% Preferred Units. In the event of the death of a holder of the 8.00% Preferred Units, or the occurrence of certain tax triggering events applicable to a holder, the SPG Operating Partnership may be required to redeem the 8.00% Preferred Units owned by such holder at their liquidation value payable at the option of the SPG Operating Partnership in either cash (the payment of which may be made in four equal annual installments) or Paired Shares.

Notes Receivable from Former CPI Shareholders

Notes receivable of $27,168 from former CPI shareholders, which result from securities issued under CPI's executive compensation program and were assumed in the CPI Merger, are reflected as a deduction from capital in excess of par value in the statements of shareholders' equity in the accompanying combined financial statements and SPG's financial statements. Certain of such notes totaling $9,519 bear interest at rates ranging from 5.31% to 6.00% and become due during the period 2000 to 2002. The remainder of the notes do not bear interest and become due at the time the underlying shares are sold.

The Simon Property Group 1998 Stock Incentive Plan

Simon Group has a stock incentive plan (the "1998 Plan"), which provides for the grant of equity-based awards during a ten-year period, in the form of options to purchase Paired Shares ("Options"), stock appreciation rights ("SARs"), restricted stock grants and performance unit awards (collectively, "Awards"). Options may be granted which are qualified as "incentive stock options" within the meaning of Section 422 of the Code and Options which are not so qualified. The Companies have reserved for issuance 6,300,000 Paired Shares under the 1998 Plan. Additionally, the partnership agreements require the Companies to sell Paired Shares to the Operating Partnerships, at fair value, sufficient to satisfy the exercising of stock options, and for the Companies to purchase Paired Units for cash in an amount equal to the fair market value of such Paired Shares.

Administration. The 1998 Plan is administered by SPG's Compensation Committee (the "Committee"). The Committee, in its sole discretion, determines which eligible individuals may participate and the type, extent and terms of the Awards to be granted to them. In addition, the Committee interprets the 1998 Plan and makes all other determinations deemed advisable for the administration of the 1998 Plan. Options granted to employees ("Employee Options") become exercisable over the period determined by the Committee. The exercise price of an Employee Option may not be less than the fair market value of the Paired Shares on the date of grant. Employee Options generally vest over a three-year period and expire ten years from the date of grant.

Director Options. The 1998 Plan provides for automatic grants of Options to directors ("Director Options") of the Companies who are not also employees of the SPG Operating Partnership or its "affiliates" ("Eligible Directors"). Under the 1998 Plan, each Eligible Director is automatically granted Director Options to purchase 5,000 Paired Shares upon the director's initial election to the Board of Directors, and upon each reelection, an additional 3,000 Director Options multiplied by the number of calendar years that have elapsed since such person's last election to the Board of Directors. The exercise price of the options is equal to the fair market value of the Paired Shares on the date of grant. Director Options become vested and exercisable on the first anniversary of the date of grant or at such earlier time as a "change in control" of the Companies (as defined in the 1998 Plan). Director Options terminate 30 days after the optionee ceases to be a member of the Board of Directors.

Restricted Stock. The 1998 Plan also provides for shares of restricted common stock of the Companies to be granted to certain employees at no cost to those employees, subject to growth targets established by the Compensation Committee (the "Restricted Stock Program"). Restricted stock vests annually in four installments of 25% each beginning on January 1 following the year in which the restricted stock is awarded. During 1999, 1998 and 1997, a total of 537,861; 495,131 and 448,753 Paired Shares, respectively, net of forfeitures, were awarded under the Restricted Stock Program and predecessor programs. Through December 31, 1999 a total of 1,825,086 Paired Shares, net of forfeitures, were awarded. Approximately $10,601, $9,463 and $5,386 relating to these awards were amortized in 1999, 1998 and 1997, respectively. The cost of restricted stock grants, which is based upon the stock's fair market value at the time such stock is earned, awarded and issued, is charged to shareholders' equity and subsequently amortized against earnings of Simon Group over the vesting period.

Simon Group accounts for stock-based compensation programs using the intrinsic value method, which measures compensation expense as the excess, if any, of the quoted market price of the stock at the grant date over the amount the employee must pay to acquire the stock. During 1999, Simon Group awarded 159,000 additional options to directors and employees. Director options vest over a twelve-month period, while 62,500 of the employee options granted during 1999 vest over two years, and 37,500 vested immediately. The impact on pro forma net income and earnings per share as a result of applying the fair value method, as prescribed by SFAS No. 123, Accounting for Stock-Based Compensation, which requires entities to measure compensation costs measured at the grant date based on the fair value of the award, was not material.

The fair value of the options at the date of grant was estimated using the Black-Scholes option pricing model with the following assumptions:

| | December 31, | | |
|---|---|---|---|
| | 1999 | 1998 | 1997 |
| Weighted Average Fair Value per Option | $3.27 | $7.24 | $ 3.18 |
| Expected Volatility | 19.78 - 19.89% | 30.83 - 41.79% | 17.63% |
| Risk-Free Interest Rate | 5.25 - 5.78% | 4.64 - 5.68% | 6.82% |
| Dividend Yield | 5.32 - 6.43% | 6.24 - 6.52% | 6.9% |
| Expected Life | 10 years | 10 years | 10 years |

The weighted average remaining contract life for options outstanding as of December 31, 1999 was 6.0 years.

Information relating to Director Options and Employee Options from December 31, 1996 through December 31, 1999 is as follows:

| | Director Options | | Employee Options | |
|---|---|---|---|---|
| | Options | Option Price per Share (1) | Options | Option Price per Share (1) |
| Shares under option at December 31, 1996 | 85,080 | $24.49 | 1,622,983 | $23.00 |
| Granted | 9,000 | 29.31 | -- | N/A |
| Exercised | (8,000) | 23.62 | (361,902) | 23.29 |
| Forfeited | -- | N/A | (13,484) | 23.99 |
| Shares under option at December 31, 1997 | 86,080 | $24.12 | 1,247,597 | $22.90 |
| Granted | -- | N/A | 385,000 | 30.40 |
| CPI Options Assumed | -- | N/A | 304,209 | 25.48 |
| Exercised | (8,000) | 26.27 | (38,149) | 23.71 |
| Forfeited | (3,000) | 29.31 | (4,750) | 25.25 |
| Shares under option at December 31, 1998 | 75,080 | $24.11 | 1,893,907 | $24.82 |
| Granted | 59,000 | 26.79 | 100,000 | 25.29 |
| Exercised | (5,000) | 22.25 | (77,988) | 23.21 |
| Forfeited | -- | N/A | (58,253) | 23.48 |
| Shares under option at December 31, 1999 | 129,080 | $25.41 | 1,857,666 | $24.95 |
| Options exercisable at December 31, 1999 | 108,080 | $24.69 | 1,636,833 | $24.46 |

(1) Represents the weighted average price when multiple prices exist.

Exchange Rights

Limited partners in the Operating Partnerships have the right to exchange all or any portion of their Units for shares of common stock on a one-for-one basis or cash, as selected by the Board of Directors. The amount of cash to be paid if the exchange right is exercised and the cash option is selected will be based on the trading price of the Companies' common stock at that time. The Companies have reserved 65,444,680 Paired Shares for possible issuance upon the exchange of Paired Units.

12. Employee Benefit Plans

Simon Group maintains a tax-qualified retirement 401(k) savings plan. Under the plan, eligible employees can participate in a cash or deferred arrangement permitting them to defer up to a maximum of 12% of their compensation, subject to certain limitations. Participants' salary deferrals are matched at specified percentages, and the plan provides annual contributions of 1.5% of eligible employees' compensation. Simon Group contributed $3,189, $2,581 and $2,727 to the plan in 1999, 1998 and 1997, respectively.

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

13. Commitments and Contingencies

Litigation

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. ("Triple Five") commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and Simon Group. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the SPG Operating Partnership and related entities (the "Teachers Sale"); and (ii) a financing transaction involving a loan in the amount of $312,000 obtained from The Chase Manhattan Bank ("Chase") that is secured by a mortgage placed on Mall of America's assets (the "Chase Mortgage").

The complaint, which contains twelve counts, seeks remedies of damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, Simon Group is specifically identified as a defendant in connection with the Teachers Sale.

The SPG Operating Partnership has agreed to indemnify Chase and other nonparties to the litigation that are related to the offering of certificates secured by the Chase Mortgage against, among other things, (i) any and all litigation expenses arising as a result of litigation or threatened litigation brought by Triple Five, or any of its owners or affiliates, against any person regarding the Chase Mortgage, the Teachers Sale, any securitization of the Chase Mortgage or any transaction related to the foregoing and (ii) any and all damages, awards, penalties or expenses payable to or on behalf of Triple Five (or payable to a third party as a result of such party's obligation to pay Triple Five) arising out of such litigation. These indemnity obligations do not extend to liabilities covered by title insurance.

Simon Group believes that the Triple Five litigation is without merit and intends to defend the action vigorously. To that end, all defendants have removed the action to federal court and have served a motion, which is pending, to dismiss Triple Five's complaint in its entirety on the grounds that the complaint fails to state a claim. Simon Group believes that neither the Triple Five litigation nor any potential payments under the indemnity, if any, will have a material adverse effect on Simon Group. Given the early stage of the litigation it is not possible to provide an assurance of the ultimate outcome of the litigation or an estimate of the amount or range of potential loss, if any.

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., an indirect 99%-owned subsidiary of SPG, and DeBartolo Properties Management, Inc., a subsidiary of the Management Company, and the plaintiffs are 27 former employees of the defendants. In the complaint, the plaintiffs alleged that they were recipients of deferred stock grants under the DeBartolo Realty Corporation ("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 DRC Merger. Plaintiffs asserted that the defendants' refusal to issue them approximately 542,000 shares of DRC common stock, which is equivalent to approximately 370,000 Paired Shares computed at the 0.68

exchange ratio used in the DRC Merger, constituted a breach of contract and a breach of the implied covenant of good faith and fair dealing under Ohio law. Plaintiffs sought 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 plaintiffs and the defendants each filed motions for summary judgment. On October 31, 1997, the Court of Common Pleas entered a judgment in favor of the defendants granting their motion for summary judgment. The plaintiffs appealed this judgment to the Seventh District Court of Appeals in Ohio. On August 18, 1999, the District Court of Appeals reversed the summary judgement order in favor of the defendants entered by the Common Pleas Court and granted plaintiffs' cross motion for summary judgement, remanding the matter to the Common Pleas Court for the determination of plaintiffs' damages. The defendants petitioned the Ohio Supreme Court asking that they exercise their discretion to review and reverse the Appellate Court decision, but the Ohio Supreme court issued an order changing jurisdiction. The case has been remanded to the Court of Common Pleas of Mahoning County, Ohio, to calculate Plaintiffs' damages and rule upon counterclaims asserted by Simon Group. As a result of the appellate court's decision, Simon Group recorded a $12,000 loss in 1999 related to this litigation in the accompanying combined statements of operations as an unusual item.

Roel Vento et al v. Tom Taylor et al. An affiliate of Simon Group 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 was 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, tortious 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. Simon Group appealed the verdict and on May 6, 1999, the Thirteenth Judicial District (Corpus Christi) of the Texas Court of Appeals issued an opinion reducing the trial court verdict to $3,364 plus interest. Simon Group filed a petition for a writ of certiorari to the Texas Supreme Court requesting that they review and reverse the determination of the Appellate Court. The Texas Supreme Court has not yet determined whether it will take the matter up on appeal. Management, based upon the advice of counsel, believes that the ultimate outcome of this action will not have a material adverse effect on Simon Group.

Simon Group 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 such routine litigation and administrative proceedings will not have a material adverse impact on Simon Group's financial position or its results of operations.

## Lease Commitments

As of December 31, 1999, a total of 35 of the consolidated Properties are subject to ground leases. The termination dates of these ground leases range from 2000 to 2090. These ground leases generally require payments by Simon Group of a fixed annual rent, or a fixed annual rent plus a participating percentage over a base rate. Ground lease expense incurred by Simon Group for the years ended December 31, 1999, 1998 and 1997, was $13,365, $13,618 and $10,511, respectively.

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

| | |
|---|---|
| 2000 | $ 7,544 |
| 2001 | 7,645 |
| 2002 | 7,925 |
| 2003 | 7,864 |
| 2004 | 7,407 |
| | 495,963 |
| | $534,348 |

## Long-term Contract

On September 30, 1999, Simon Group entered into a five year contract with Enron Energy Services for Enron to supply or manage all of the energy commodity requirements throughout Simon Group's portfolio. The contract includes electricity, natural gas and maintenance of energy conversion assets and electrical systems including lighting. Simon Group has committed to pay Enron a fixed percentage of the Portfolio's historical energy costs for these services over the term of the agreement.

Environmental Matters

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

14. Related Party Transactions

Until April 15, 1999, when the Three Dag Hammarskjold building was sold, the SRC Operating Partnership received a substantial amount of its rental income from the SPG Operating Partnership for office space under lease. During the period prior to the CPI Merger, such rent was received from CPI.

In preparation for the CPI Merger, on July 31, 1998, CPI, with the assistance of the SPG Operating Partnership, completed the sale of the General Motors Building in New York, New York for approximately $800,000. The SPG Operating Partnership and certain third-party affiliates each received a $2,500 fee from CPI in connection with the sale.

15. New Accounting Pronouncement

On June 15, 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities ("SFAS 133"). SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company formally document, designate, and assess the effectiveness of transactions that receive hedge accounting.

SFAS 133 will be effective for Simon Group beginning with the 2001 fiscal year and may not be applied retroactively. Management is currently evaluating the impact of SFAS 133, which it believes could increase volatility in earnings and other comprehensive income.

On December 3, 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), which addressed certain revenue recognition policies, including the accounting for overage rent by a landlord. SAB 101 requires overage rent to be recognized as revenue only when each tenant's sales exceeds their sales threshold. Simon Group currently recognizes overage rent based on reported and estimated sales through the end of the period, less the applicable prorated base sales amount. Simon Group will adopt SAB 101 effective January 1, 2000. Management is currently evaluating the impact of applying SAB 101 and expects to record a loss from the cumulative effect of a change in accounting principle of approximately $13,000 in the first quarter of 2000. In addition, SAB 101 will impact the timing in which overage rent is recognized throughout each year, but will not have a material impact on the total overage rent recognized in each full year.

16. Quarterly Financial Data (Unaudited)

Combined summarized quarterly 1999 and 1998 data is as follows:

| 1999 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Annual Amount |
|---|---|---|---|---|---|
| Total revenue | $ 446,093 | $ 454,006 | $ 471,171 | $ 521,433 | $ 1,892,703 |
| Operating income | 196,898 | 206,643 | 214,782 | 235,922 | 854,245 |
| Income before unusual and extraordinary items | 67,388 | 67,338 | 87,125 | 94,249 | 316,100 |
| Net income available to common shareholders | 34,954 | 38,462 | 42,435 | 51,463 | 167,314 |
| Net income before extraordinary items per Paired Share (1) | $ 0.21 | $ 0.22 | $ 0.25 | $ 0.32 | $ 1.00 |
| Net income per Paired Share (1) | $ 0.21 | $ 0.22 | $ 0.24 | $ 0.30 | $ 0.97 |
| Weighted average Paired Shares outstanding | 168,986,602 | 173,342,399 | 173,471,352 | 173,167,054 | 172,088,590 |
| Diluted net income before extraordinary items per Paired Share (1) | $ 0.21 | $ 0.22 | $ 0.25 | $ 0.32 | $ 1.00 |
| Diluted net income per Paired Share (1) | $ 0.21 | $ 0.22 | $ 0.24 | $ 0.30 | $ 0.97 |
| Diluted weighted average Paired Shares outstanding | 169,168,474 | 173,609,740 | 173,542,183 | 173,182,994 | 172,225,592 |

| 1998 | First Quarter | Second Quarter | Third Quarter | Fourth Quarter | Annual Amount |
|---|---|---|---|---|---|
| Total revenue | $ 300,257 | $ 310,375 | $ 322,338 | $ 472,589 | $ 1,405,559 |
| Operating income | 133,667 | 145,226 | 147,537 | 215,782 | 642,212 |
| Income before unusual and extraordinary items | 45,124 | 43,514 | 52,851 | 94,741 | 236,230 |
| Net income available to common shareholders | 23,948 | 27,467 | 28,966 | 53,217 | 133,598 |
| Net income before extraordinary items per Paired Share (1) | $ 0.22 | $ 0.21 | $ 0.25 | $ 0.32 | $ 1.02 |
| Net income per Paired Share (1) | $ 0.22 | $ 0.25 | $ 0.25 | $ 0.32 | $ 1.06 |
| Weighted average Paired Shares outstanding | 109,684,252 | 111,954,695 | 117,149,600 | 166,775,975 | 126,522,228 |
| Diluted net income before extraordinary items per Paired Share | $ 0.22 | $ 0.21 | $ 0.25 | $ 0.32 | $ 1.02 |
| Diluted net income per Paired Share | $ 0.22 | $ 0.25 | $ 0.25 | $ 0.32 | $ 1.06 |
| Diluted weighted average Paired Shares outstanding | 110,071,475 | 112,381,667 | 117,474,932 | 167,077,557 | 126,879,377 |

(1) Primarily due to the cyclical nature of earnings available for common stock and the issuance of additional shares of common stock during the periods, the sum of the quarterly earnings per Paired Share varies from the annual earnings per Paired Share.

EXHIBIT 21.1

List of Subsidiaries of the Companies

| Subsidiary | Jurisdiction |
| --- | --- |
| Simon Property Group, L.P. | Delaware |
| SPG Realty Consultants, L.P. | Delaware |
| SPG Properties, Inc. | Delaware |
| SD Property Group, Inc. | Ohio |
| The Retail Property Trust | Massachusetts |
| Simon Property Group (Illinois), L.P. | Illinois |
| Simon Property Group (Texas), L.P. | Texas |
| Shopping Center Associates | New York |
| DeBartolo Capital Partnership | Delaware |
| Simon Capital Limited Partnership | Delaware |
| SDG Macerich Properties, L.P. | Delaware |
| M.S. Management Associates, Inc. | Delaware |
| DeBartolo Properties Management, Inc. | Ohio |
| Mayflower Realty LLC | Delaware |

Omits names of subsidiaries which as of December 31, 1999 were not, in the aggregate, a "significant subsidiary".

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into Simon Property Group, Inc. and SPG Realty Consultants, Inc.'s previously filed Registration Statement File Nos. 333-63919; 333-63919-01; 333-61399; 333-61399-01; 333-82471 and 333-93897.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana,
March 27, 2000.

EXHIBIT 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 Nos. 333-63919 and 333-63919-01) pertaining to the 1993 Share Option Plan of Corporate Property Investors, Inc. and Corporate Realty Consultants, Inc. and the Employee Share Purchase Plan of Corporate Property Investors, Inc. and Corporate Realty Consultants, Inc. of our report relating to SPG Realty Consultants, Inc. (formerly known as Corporate Realty Consultants, Inc.) dated June 30, 1999, with respect to the consolidated financial statements of SPG Realty Consultants, Inc. (formerly known as Corporate Realty Consultants, Inc.) included in the Annual Report (Form 10-K) of Simon Property Group, Inc. and SPG Realty Consultants, Inc. for the year ended December 31, 1999.

ERNST & YOUNG LLP

New York, New York
March 27, 2000

5
0001063761
SIMON PROPERTY GROUP INC
1,000

12-MOS
DEC-31-1999
DEC-31-1999
154,924
0
297,047
8,541
0
0
12,794,484
1,097,629
11,696,855
0
8,768,841
0
542,838
18
2,694,689
14,199,318
0
1,894,971
0
1,028,082
0
8,522
579,848
303,499
0
303,499
0
(6,705)
0
203,015
0.96
0.96

The Registrant does not report using a classified balance sheet.
Includes limited partner's interest in the SPG Operating Partnership of $978,316, preferred stock of subsidiary of $339,597, and Limited Partners' Preferred Interest in the SPG Operating Partnership of $149,885.

5
0001067173
SPG REALTY CONSULTANTS INC
1,000

12-MOS
DEC-31-1999
DEC-31-1999
2,708
0
646
0
0
0
7,568
1,252
6,316
0
110
0
0
0
16,113
35,029
0
2,277
0
2,357
0
0
3,787
(2,773)
(3,374)
1,370
1,370
0
0
1,370
0.80
0.80

The Registrant does not report using a classified balance sheet.
Includes limited partner's interest in the SRC Operating Partnership of $6,149.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of SPG Realty Consultants, Inc.
(formerly known as Corporate Realty Consultants, Inc.),

We have audited the consolidated statements of operations, stockholders' equity and cash flows of SPG Realty Consultants, Inc. (formerly known as Corporate Realty Consultants, Inc.) for the year ended December 31, 1997. These financial statements are the responsibility of SPG Realty Consultants, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of operations and cash flows of SPG Realty Consultants, Inc. (formerly known as Corporate Realty Consultants, Inc.) for the year ended December 31, 1997, in conformity with accounting principles generally accepted in the United States.

ERNST & YOUNG LLP

New York, NY
June 30, 1998

Exhibit 99.2

# MILL CREEK LAND, L.L.C.

## FINANCIAL STATEMENTS

AS OF DECEMBER 31,1999 AND 1998

TOGETHER WITH REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Members of
Mill Creek Land, L.L.C.:

We have audited the accompanying balance sheets of MILL CREEK LAND, L.L.C. (a Delaware limited liability company) as of December 31, 1999 and 1998, and the related statements of operations, members' capital and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mill Creek Land, L.L.C. as of December 31, 1999 and 1998, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Indianapolis, Indiana,
February 16, 2000.

MILL CREEK LAND, L.L.C

BALANCE SHEETS

DECEMBER 31, 1999 AND 1998

| | 1999 | 1998 |
|---|---|---|
| ASSETS: | | |
| Land and land improvements held for sale or lease, at cost | $11,518,835 | $21,912,351 |
| Receivable from Mall of Georgia, L.L.C for common development costs | - | 4,352,000 |
| Cash and cash equivalents | 1,609,338 | 2,224,792 |
| Notes receivable (Note 5) | 1,642,303 | 2,592,018 |
| Other assets | 34,075 | - |
| Total assets | $14,804,551 | $31,081,161 |
| LIABILITIES AND MEMBERS' CAPITAL: | | |
| Note payable to Mall of Georgia, L.L.C. | $ 2,784,015 | $25,173,775 |
| Interest payable to Mall of Georgia, L.L.C | 44,117 | 1,042,651 |
| Construction payables | 100,499 | 2,975,545 |
| Accounts payable and accrued expenses | 58,730 | 73,970 |
| Accrued future development costs | 178,340 | 143,592 |
| Deferred gains | 119,985 | 104,497 |
| Total liabilities | 3,285,686 | 29,514,030 |
| COMMITMENTS AND CONTINGENCIES (Note 7) | | |
| MEMBERS' CAPITAL | 11,518,865 | 1,567,131 |
| Total liabilities and members' capital | $14,804,551 | $31,081,161 |

The accompanying notes are an integral part of these statements.

MILL CREEK LAND, L.L.C.

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998 AND

FOR THE PERIOD FROM APRIL 4, 1997 (INCEPTION) TO DECEMBER 31, 1997

| | 1999 | 1998 | Inception to December 31, 1997 (Unaudited) |
|---|---|---|---|
| Land sales | $24,605,168 | $1,914,248 | $2,412,015 |
| Cost of land sold | (12,891,088) | (1,087,515) | (1,374,380) |
| Commissions and other | (1,268,226) | (167,413) | (308,638) |
| Net gains on land sales | 10,445,854 | 659,320 | 728,997 |
| Real estate tax expense | (142,930) | - | - |
| Interest income | 303,873 | 224,989 | 54,965 |
| Interest expense | (472,436) | - | - |
| Net income | $10,134,361 | $ 884,309 | $ 783,962 |

The accompanying notes are an integral part of these statements.

MILL CREEK LAND, L.L.C.

STATEMENTS OF MEMBERS' CAPITAL

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998 AND

FOR THE PERIOD FROM APRIL 4, 1997 (INCEPTION) TO DECEMBER 31, 1997

| | SPG Realty Consultants, L.P. | Buford Acquisition Company, L.L.C. | Total |
|---|---|---|---|
| MEMBERS' PERCENTAGE INTEREST AT DECEMBER 31, 1999 AND 1998 | 50% | 50% | 100% |
| CAPITAL at inception (unaudited) | $ - | $ - | $ - |
| Contributions from members (unaudited) | 16,728,000 | 2,952,000 | 19,680,000 |
| Distributions to members (Note 3) (unaudited) | (941,052) | (166,068) | (1,107,120) |
| Net income (unaudited) | 666,367 | 117,595 | 783,962 |
| CAPITAL at December 31, 1997 (unaudited) | 16,453,315 | 2,903,527 | 19,356,842 |
| Contributions from members | 2,833,044 | 499,949 | 3,332,993 |
| Distributions to members (Note 3) | (18,705,961) | (3,301,052) | (22,007,013) |
| Net income | 751,663 | 132,646 | 884,309 |
| CAPITAL at December 31, 1998 | 1,332,061 | 235,070 | 1,567,131 |
| Distributions to members (Note 3) | (155,233) | (27,394) | (182,627) |
| Net income | 5,290,784 | 4,843,577 | 10,134,361 |
| CAPITAL at December 31, 1999 | $ 6,467,612 | $ 5,051,253 | $11,518,865 |

The accompanying notes are an integral part of these statements.

MILL CREEK LAND, L.L.C.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998 AND

FOR THE PERIOD FROM APRIL 4, 1997 (INCEPTION) TO DECEMBER 31, 1997

| | 1999 | 1998 | Inception to December 31, 1997 (Unaudited) |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | $10,134,361 | $ 884,309 | $ 783,962 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities- | | | |
| Noncash interest income on notes receivable | (28,189) | (219,860) | (54,965) |
| Changes in assets and liabilities- | | | |
| Land and land improvements held for sale or lease, at cost | 12,860,865 | 595,885 | 2,051,314 |
| Receivable from Mall of Georgia, L.L.C. for common development costs | 4,352,000 | (4,352,000) | - |
| Other assets | (34,075) | - | - |
| Interest payable to Mall of Georgia, L.L.C., accounts payable and accrued expenses | 32,791 | 23,400 | - |
| Deferred gains and accrued future development costs | 50,236 | (113,289) | - |
| Net cash provided by (used in) operating activities | 27,367,989 | (3,181,555) | 2,780,311 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Capital expenditures | (3,510,000) | (2,664,660) | (20,852,240) |
| Construction payables | (2,875,046) | 1,884,614 | 1,452,310 |
| Issuance of notes receivable | (1,996,956) | - | (2,317,193) |
| Repayments of notes receivable | 2,974,860 | - | - |
| Net cash used in investing activities | (5,407,142) | (780,046) | (21,717,123) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Advances from Mall of Georgia, L.L.C. | - | - | 635,843 |
| Repayment of advances from Mall of Georgia, L.L.C. | - | (635,843) | - |
| Proceeds from note payable to Mall of Georgia, L.L.C. | - | 25,173,775 | - |
| Payments of note payable to Mall of Georgia, L.L.C. | (22,389,760) | - | - |
| Distributions to members | (186,541) | (22,347,829) | (715,734) |
| Contributions from members | - | 3,332,993 | 19,680,000 |
| Net cash (used in) provided by financing activities | (22,576,301) | 5,523,096 | 19,600,109 |
| (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (615,454) | 1,561,495 | 663,297 |
| CASH AND CASH EQUIVALENTS, beginning of period | 2,224,792 | 663,297 | - |
| CASH AND CASH EQUIVALENTS, end of period | $ 1,609,338 | $ 2,224,792 | $ 663,297 |

The accompanying notes are an integral part of these statements.

MILL CREEK LAND, L.L.C.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1999 AND 1998

1. GENERAL

Mill Creek Land, L.L.C., a Delaware limited liability company, (the Company) was organized on April 4, 1997. The Company will dissolve on the earlier of the sale or disposition of all of the Company's assets or December 31, 2030. At December 31, 1999, the Company owns 55 acres of land held for sale or lease surrounding the Mall of Georgia (the Mall) which opened in August 1999. The Company also owns 157 acres, consisting of wetlands and a nature park, for which there is no intent to sell. The Mall and peripheral land are located in Buford (Atlanta), Georgia. The Company is projecting total land sales of approximately $51,100,000. At December 31, 1999, gross land sales to date have totaled approximately $29,200,000 with remaining sales expected to occur through 2004.

At December 31, 1999 and 1998, the Company is owned 50% each by Buford Acquisition Company, L.L.C. (Buford) and SPG Realty Consultants, L.P. (SRC, L.P.), collectively, the Members. In September 1998, SRC, L.P.'s interest in the Company was transferred to SRC, L.P. from Corporate Realty Consultants, Inc. (CRC) as a result of the merger between Simon DeBartolo Group, Inc., Corporate Property Investors, Inc. and CRC. For periods prior to the merger, references to SRC, L.P. refer to CRC.

Mall of Georgia, L.L.C. (MG, L.L.C.) is owned 50% by an affiliate of SRC, L.P. and 50% by Buford. MG, L.L.C. owns and operates the Mall. Mall of Georgia Crossing, L.L.C. (the Crossing) is owned 50% by an affiliate of SRC, L.P. and 50% by Buford. The Crossing owns and operates the Mall of Georgia Crossing, a 441,000 square-foot community center adjacent to the Mall, which also opened in August 1999.

Simon Property Group. Inc.'s (SPG), a publicly traded real estate investment trust (REIT), paired share affiliate, owned directly or indirectly a controlling 72.4% and 71.6% of SRC, L.P. at December 31, 1999 and 1998, respectively.

2. MEMBERS' CAPITAL

SRC, L.P. is responsible for 85% of the Company's required equity funding and Buford is responsible for 15% of the Company's required equity funding. Buford may decline to make future required capital contributions in which case SRC, L.P. would be required to make the capital contribution. SRC, L.P. would be entitled to a 12% annual return on this capital contribution and the return of the capital contribution before any other distributions could be made. No such contributions or distributions were made in 1999 or 1998.

After consideration of distributions, if any, in accordance with the paragraph above, distributions of net cash flow of the Company will be made to the Members in the following order of priority:

1. To the Members in proportion to their respective unreturned capital contribution until each Member receives a 9% annual return on each Member's respective unreturned capital contributions (i.e., equity preference) and the return of each Member's respective capital contributions.

2. To Buford, totaling $5,000,000, the net proceeds of all land sales after all capital and returns thereon are returned to both Members. No such distributions were made in 1999 or 1998.

3. Any remaining balance is to be distributed to the Members in accordance with their membership percentages. No such distributions were made in 1999 or 1998.

Net profits, as defined, are allocated annually first, to the Members with a negative capital account in proportion to their respective negative capital account balances; second, to the Members to cause their respective capital account to equal their respective distributable share of noncash net assets (based on book value) assuming liquidation at the end of such year; and third, in accordance with their respective membership percentages.

Net losses, as defined, are allocated annually first, to the Members with a capital account in excess of their respective distributable share of noncash net assets (based on book value) assuming liquidation; second, to the Members with a positive capital account in proportion to their respective positive capital account balances; and third, in accordance with their respective membership percentages.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of Presentation and Use of Estimates

These 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 Company's assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reported period. Actual results could differ from these estimates.

### Land and Land Improvements Held for Sale or Lease

Land and land improvements include the costs incurred to acquire the land, prepare the land for its intended use, and interest and real estate taxes incurred during development. Development was substantially complete in August 1999.

Land and land improvements are recorded at cost. All land was acquired from Buford at Buford's original cost. Land and land improvements for financial reporting purposes are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Impairment is recognized when estimated undiscounted net future cash flows is less than the carrying value. To the extent an impairment has occurred, the excess of carrying value over its estimated fair value will be charged to income.

### Revenue Recognition

Land sales are recognized under the percentage of completion method. Land costs are allocated to land sold based on relative sales values. The Partnership estimates that 99% and 93% of the development was complete at December 31, 1999 and 1998, respectively.

### Income Taxes

As a limited liability company, the allocated share of income for each year is includable in the income tax returns of the Members; accordingly, income taxes are not reflected in the Company's financial statements.

### Cash Flow Information

All highly liquid investments purchased with an original maturity of 90 days or less are considered cash and cash equivalents. Included in cash and cash equivalents are short-term investments of $1,500,000 and $1,200,000 as of December 31, 1999 and 1998, respectively.

Cash paid for interest, net of any amounts capitalized of $1,235,231 and $1,042,651, during 1999 and 1998 were $428,319 and $-0-, respectively.

### Equity Preferences

Equity preferences are accrued when earned to the extent the Company has funds available for distribution. During 1999 and 1998, SRC, L.P. earned $155,233 and $894,382 in equity preferences, respectively, and Buford earned $27,394 and $157,832 in equity preferences, respectively. At December 31, 1999 and 1998, $39,658 and $42,985 were payable to SRC, L.P., respectively, and $6,999 and $7,586 were payable to Buford, respectively. These amounts are included in accounts payable and accrued expenses in the accompanying Balance Sheets. Included in distributions to Members in the accompanying Statements of Cash Flows are distributions of $332,678 to SRC, L.P. and $58,708 to Buford that were paid in 1998, and accrued at December 31, 1997.

### Reclassifications

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

## 4. GAINS ON LAND SALES

In September 1997, the Company sold 16 acres of land to a third party for $824,496 in cash and entered into a promissory note agreement with the buyer in the amount of $2,317,193, net of discount. The transaction resulted in a total gain of $1,090,376, of which $63,752 and $285,053 was recognized in 1999 and 1998, respectively. At December 31, 1999 and 1998, $12,574 and $76,326, respectively, was deferred and is included in deferred gain in the accompanying Balance Sheets.

In December 1998, the Company sold 2.8 acres of land to a third party for $1,050,952 in cash. The transaction resulted in a total gain of $402,437, of which $23,693 and $374,267 was recognized in 1999 and 1998, respectively. At December 31, 1999 and 1998, $4,478 and $28,171, respectively, was deferred and is included in deferred gain in the accompanying Balance Sheets.

During 1999, the Company sold 59.9 acres of land to various third parties for $21,140,149 in cash and entered into four promissory note agreements totaling $1,996,956, net of any discounts. These transactions resulted in a total gain of $10,293,285, of which $10,190,352 was recognized in 1999. At December 31, 1999, the remaining $102,933 was deferred and is included in deferred gain in the accompanying Balance Sheets.

5. NOTES RECEIVABLE

In connection with the land sales discussed above, the Company received promissory notes from various third parties, one of which totaling $382,842 was issued and collected in 1999. The following table summarizes the notes receivable:

| | 1999 | 1998 | (Unaudited) 1997 |
|---|---|---|---|
| Note Receivable, collected in 1999, bears interest at 9% commencing on January 1, 1999, net of discounts of $-0- and $219,860 at December 31, 1998 and 1997, respectively | $ - | $2,592,018 | $2,372,158 |
| Note Receivable, due March 31, 2000, bears interest at 9% | 651,970 | - | - |
| Note Receivable, due February 28, 2000, noninterest bearing, net of discount of $6,649 | 450,333 | - | - |
| Note Receivable, due March 31, 2000, bears interest at 9% | 540,000 | - | - |
| Total notes receivable | $1,642,303 | $2,592,018 | $2,372,158 |

6. INDEBTEDNESS

The Company has a note payable to MG, L.L.C. which bears interest at 9%. Interest only is payable through maturity, October 31, 2005, at which time the entire principal amount is due. Currently, the Company can borrow up to $29,000,000 from MG, L.L.C. At December 31, 1999 and 1998, the note payable had an outstanding balance of $2,784,015 and $25,173,775, respectively. A portion of the note was repaid during 1999 using proceeds received from the sales of land. During 1998, the Company borrowed $25,173,775 under this arrangement. Of these proceeds, $20,782,202 was distributed to the Members to repay a portion of the Members' capital contributions in the amounts of $17,664,872 to SRC, L.P. and $3,117,330 to Buford, with the remaining $4,391,573 borrowed to finance the development of the land.

Based on the borrowing rates currently available to the Company for loans with similar terms and maturities, the carrying value of the note payable approximates its fair value at December 31, 1999. At December 31, 1998, the fair value of the note payable was approximately $28,800,000. The estimated discount rate was 8.33% and 6.51% as of December 31, 1999 and 1998, respectively.

7. COMMITMENTS AND CONTINGENCIES

To the extent any unreturned capital or return thereon exists at MG, L.L.C. or the Crossing after Buford receives the $5,000,000 distribution described in Note 2, the Company is required to loan, at 9% annual interest, to MG, L.L.C. or the Crossing any of the Company's excess funds but only to the extent of the unreturned capital or return thereon at MG, L.L.C. and the Crossing. No such loans had been made at December 31, 1999 or 1998.

In addition, the Members can request a loan from the Company to be used by the requesting Member to pay the Member's Company-related tax liability in excess of the distributions to the Member. The loan would bear interest at 9% per year and would be repaid by the Member's future equity distributions. No such loans had been made at December 31, 1999 or 1998.

The Partnership estimates the total cost to develop the land to be approximately $27,000,000, with approximately $1,000,000 and $7,000,000 incurred in 1999 and 1998, respectively, and $300,000 expected to be incurred in 2000.

8. RELATED PARTY TRANSACTIONS

The Company has a development agreement with an affiliate of SRC, L.P. A development fee based on the costs incurred for site work is charged by the affiliate with a maximum fee of $450,000 over the development of the project. Fees earned by the affiliate for development services were $116,662, $216,668 and $116,662 in 1999, 1998 and 1997 respectively. During 1998, the affiliate paid certain costs on behalf of the Company in the amount of $23,400 which is included in accounts payable and accrued expenses in the accompanying Balance Sheet at December 31, 1998.

In addition, an affiliate of Buford is compensated for development services based on the costs incurred for site work with a maximum fee of $450,000 over the development of the project. Fees earned by the affiliate for development services were $116,662, $216,668, and $116,662 in 1999, 1998 and 1997, respectively. An affiliate of Buford is also compensated for management and marketing services in the amount of $3,333 per month which totaled $39,996 in both 1999 and 1998 and $23,330 in 1997. The affiliate also earns a commission of up to 5% on all land sales. In 1999, 1998 and 1997, the affiliate earned $1,210,632, $39,375 and $135,000 respectively, of commissions from the Company.

The Company has entered into an agreement with MG, L.L.C. whereby common development costs are allocated between the Company and MG, L.L.C. based on acreage. During 1999 and 1998, approximately $8,785,800 and $10,500,000 of costs were paid for by the Company and were allocated to MG, L.L.C. The payment for these costs is reflected as a receivable from Mall of Georgia, L.L.C. for common development costs in the accompanying Balance Sheets at December 31, 1999 and 1998, respectively.