

SIMON PROPERTY GROUP INC /DE/
Form 10-K
February 22, 2019
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UNITED STATES
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, 2018

SIMON PROPERTY GROUP, INC.

SIMON PROPERTY GROUP, L.P.

(Exact name of registrant as specified in its charter)

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

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

(317) 636 1600
(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 |
|-------------------------------|---|--|
| Simon Property Group, Inc. | Common stock, \$0.0001 par value | New York Stock Exchange |
| Simon Property Group, Inc. | 83/8% Series J Cumulative Redeemable Preferred Stock, \$0.0001 par value | New York Stock Exchange |
| Simon Property Group, L.P. | 2.375% Senior Unsecured Notes due 2020 | New York Stock Exchange |

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

Indicate by check mark if the Registrant is a well known seasoned issuer (as defined in Rule 405 of the Securities Act).

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

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

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

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

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

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

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

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

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

Simon Property Group, Inc.:

Large accelerated filer Accelerated filer Non accelerated filer Smaller reporting company

Emerging growth company

Simon Property Group, L.P.:

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

Emerging growth company

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

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

Indicate by check mark whether the Registrant is a shell company (as defined in rule 12 b of the Act).

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

The aggregate market value of shares of common stock held by non affiliates of Simon Property Group, Inc. was approximately \$52,260 million based on the closing sale price on the New York Stock Exchange for such stock on June 30, 2018.

As of January 31, 2019, Simon Property Group, Inc. had 308,961,608 and 8,000 shares of common stock and Class B common stock outstanding, respectively.

Simon Property Group, L.P. had no publicly-traded voting equity as of June 30, 2018. Simon Property Group, L.P. has no common stock outstanding.

Documents Incorporated By Reference

Portions of Simon Property Group, Inc.'s Proxy Statement in connection with its 2019 Annual Meeting of Stockholders are incorporated by reference in Part III.

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EXPLANATORY NOTE

This report combines the annual reports on Form 10-K for the annual period ended December 31, 2018 of Simon Property Group, Inc., a Delaware corporation, and Simon Property Group, L.P., a Delaware limited partnership. Unless stated otherwise or the context otherwise requires, references to “Simon” mean Simon Property Group, Inc. and references to the “Operating Partnership” mean Simon Property Group, L.P. References to “we,” “us” and “our” mean collectively Simon, the Operating Partnership and those entities/subsidiaries owned or controlled by Simon and/or the Operating Partnership.

Simon is a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, or the Internal Revenue Code. We are structured as an umbrella partnership REIT under which substantially all of our business is conducted through the Operating Partnership, Simon’s majority owned partnership subsidiary, for which Simon is the general partner. As of December 31, 2018, Simon owned an approximate 86.8% ownership interest in the Operating Partnership, with the remaining 13.2% ownership interest owned by limited partners. As the sole general partner of the Operating Partnership, Simon has exclusive control of the Operating Partnership’s day to day management.

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

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

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

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

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

The presentation of stockholders’ equity, partners’ equity and noncontrolling interests are the main areas of difference between the consolidated financial statements of Simon and those of the Operating Partnership. The differences between stockholders’ equity and partners’ equity result from differences in the equity issued at the Simon and

Operating Partnership levels. The units held by limited partners in the Operating Partnership are accounted for as partners' equity in the Operating Partnership's financial statements and as noncontrolling interests in Simon's financial statements. The noncontrolling interests in the Operating Partnership's financial statements include the interests of unaffiliated partners in various consolidated partnerships. The noncontrolling interests in Simon's financial statements include the same noncontrolling interests at the Operating Partnership level and, as previously stated, the units held by limited partners of the Operating Partnership. Although classified differently, total equity of Simon and the Operating Partnership is the same.

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

- separate consolidated financial statements for Simon and the Operating Partnership;

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- a single set of notes to such consolidated financial statements that includes separate discussions of noncontrolling interests and stockholders' equity or partners' equity, accumulated other comprehensive income (loss) and per share and per unit data, as applicable;
- a combined Management's Discussion and Analysis of Financial Condition and Results of Operations section that also includes discrete information related to each entity; and
- separate Part II, Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities sections related to each entity.

This report also includes separate Part II, Item 9A. Controls and Procedures sections and separate Exhibits 31 and 32 certifications for each of Simon and the Operating Partnership in order to establish that the requisite certifications have been made and that Simon and the Operating Partnership are each compliant with Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 and 18 U.S.C. §1350. The separate discussions of Simon and the Operating Partnership in this report should be read in conjunction with each other to understand our results on a consolidated basis and how management operates our business.

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

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Simon Property Group, Inc.

Simon Property Group, L.P.

Annual Report on Form 10 K

December 31, 2018

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Part I

Item 1. Business

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

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of December 31, 2018, we owned or held an interest in 206 income producing properties in the United States, which consisted of 107 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 12 other retail properties in 37 states and Puerto Rico. In addition, we have redevelopment and expansion projects, including the addition of anchors, big box tenants, and restaurants, underway at several properties in the United States, Canada, Europe and Asia. Internationally, as of December 31, 2018, we had ownership interests in nine Premium Outlets in Japan, four Premium Outlets in South Korea, three Premium Outlets in Canada, two Premium Outlets in Malaysia, and one Premium Outlet in Mexico. We also own an interest in eight Designer Outlet properties in Europe, of which six properties are consolidated, and one Designer Outlet property in Canada. Of the eight properties in Europe, two are located in Italy, two are located in the Netherlands and one each is located in Austria, Germany, France and the United Kingdom. We also have three international outlet properties under development. As of December 31, 2018, we also owned a 21.3% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris based real estate company, which owns, or has an interest in, shopping centers located in 16 countries in Europe.

For a description of our operational strategies and developments in our business during 2018, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10 K.

Other Policies

The following is a discussion of our investment policies, financing policies, conflict of interest policies and policies with respect to certain other activities. One or more of these policies may be amended or rescinded from time to time without a stockholder vote.

Investment Policies

While we emphasize equity real estate investments, we may also provide secured financing to or invest in equity or debt securities of other entities engaged in real estate activities or securities of other issuers consistent with Simon's qualification as a REIT. However, any of these investments would be subject to the percentage ownership limitations and gross income tests necessary for REIT qualification. These REIT limitations mean that Simon cannot make an investment that would cause its real estate assets to be less than 75% of its total assets. Simon must also derive at least 75% of its gross income directly or indirectly from investments relating to real property or mortgages on real property, including "rents from real property," dividends from other REITs and, in certain circumstances, interest from certain types of temporary investments. In addition, Simon must also derive at least 95% of its gross income from such real property investments, and from dividends, interest and gains from the sale or dispositions of stock or securities or

from other combinations of the foregoing.

Subject to Simon's REIT limitations, we may invest in the securities of other issuers in connection with acquisitions of indirect interests in real estate. Such an investment would normally be in the form of general or limited partnership or membership interests in special purpose partnerships and limited liability companies that own one or more properties. We may, in the future, acquire all or substantially all of the securities or assets of other REITs, management companies or similar entities where such investments would be consistent with our investment policies.

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Financing Policies

Because Simon's REIT qualification requires us to distribute at least 90% of its REIT taxable income, we regularly access the debt markets to raise the funds necessary to finance acquisitions, develop and redevelop properties, and refinance maturing debt. We must comply with the covenants contained in our financing agreements that limit our ratio of debt to total assets or market value, as defined. For example, the Operating Partnership's lines of credit and the indentures for the Operating Partnership's debt securities contain covenants that restrict the total amount of debt of the Operating Partnership to 65%, or 60% in relation to certain debt, of total assets, as defined under the related agreements, and secured debt to 50% of total assets. In addition, these agreements contain other covenants requiring compliance with financial ratios. Furthermore, the amount of debt that we may incur is limited as a practical matter by our desire to maintain acceptable ratings for the debt securities of the Operating Partnership. We strive to maintain investment grade ratings at all times for various business reasons, including their effect on our ability to access attractive capital, but we cannot assure you that we will be able to do so in the future.

If Simon's Board of Directors determines to seek additional capital, we may raise such capital by offering equity or incurring debt, creating joint ventures with existing ownership interests in properties, entering into joint venture arrangements for new development projects, retaining cash flows or a combination of these methods. If Simon's Board of Directors determines to raise equity capital, it may, without stockholder approval, issue additional shares of common stock or other capital stock. Simon's Board of Directors may issue a number of shares up to the amount of our authorized capital or may issue units in any manner and on such terms and for such consideration as it deems appropriate. We may also raise additional capital by issuing common units of partnership interest in the Operating Partnership, or units. Such securities also may include additional classes of Simon's preferred stock or preferred units of partnership interest in the Operating Partnership, or preferred units, which may be convertible into common stock or units, as the case may be. Existing stockholders and unitholders have no preemptive right to purchase shares or units in any subsequent issuances of securities by us. Any issuance of equity could dilute a stockholder's investment in Simon or a limited partner's investment in the Operating Partnership.

We expect most future borrowings will be made through the Operating Partnership or its subsidiaries. We might, however, incur borrowings through other entities that would be reloaned to the Operating Partnership. Borrowings may be in the form of bank borrowings, publicly and privately placed debt instruments, or purchase money obligations to the sellers of properties. Any such indebtedness may be secured or unsecured. Any such indebtedness may also have full or limited recourse to the borrower or be cross collateralized with other debt, or may be fully or partially guaranteed by the Operating Partnership. We issue unsecured debt securities through the Operating Partnership, but we may issue other debt securities which may be convertible into common or preferred stock or be accompanied by warrants to purchase common or preferred stock. We also may sell or securitize our lease receivables. Although we may borrow to fund the payment of dividends, we currently have no expectation that we will regularly do so.

The Operating Partnership has a \$4.0 billion unsecured revolving credit facility, or Credit Facility. The Credit Facility's initial borrowing capacity of \$4.0 billion may be increased to \$5.0 billion during its term. The initial maturity date of the Credit Facility is June 30, 2021 and can be extended for an additional year to June 30, 2022 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Credit Facility is LIBOR plus 77.5 basis points, with an additional facility fee of 10 basis points. The Operating Partnership also has a \$3.5 billion supplemental unsecured revolving credit facility, or Supplemental Facility, and together with the Credit Facility, the Credit Facilities. On February 15, 2018, the Operating Partnership amended and extended the Supplemental Facility. The Supplemental Facility's initial borrowing capacity of \$3.5 billion may be increased to \$4.5 billion during its term. The initial maturity date of the Supplemental Facility was extended to June 30, 2022 and can be extended for an additional year to June 30, 2023 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Supplemental Facility was reduced to LIBOR plus 77.5 basis points from LIBOR plus 80 basis points, with an additional facility fee of 10 basis points. The Credit Facilities provide for

borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars.

The Operating Partnership also has available a global unsecured commercial paper note program, or Commercial Paper program. On November 14, 2018, the Operating Partnership increased the maximum aggregate program size of its Commercial Paper program from \$1.0 billion to \$2.0 billion, or the non U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes are sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and, if

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necessary or appropriate, we may make one or more draws under either Credit Facility to pay amounts outstanding from time to time on the Commercial Paper program.

We may also finance our business through the following:

- issuance of shares of common stock or preferred stock or warrants to purchase the same;
- issuance of additional units;
- issuance of preferred units;
- issuance of other securities, including unsecured notes and mortgage debt;
- draws on our Credit Facilities;
- borrowings under the Commercial Paper program; or
- sale or exchange of ownership interests in properties.

The Operating Partnership may also issue units to contributors of properties or other partnership interests which may permit the contributor to defer tax gain recognition under the Internal Revenue Code.

We do not have a policy limiting the number or amount of mortgages that may be placed on any particular property. Mortgage financing instruments, however, typically limit additional indebtedness on such properties. Additionally, the Credit Facilities, our unsecured note indentures and other contracts may limit our ability to borrow and contain limits on mortgage indebtedness we may incur as well as certain financial covenants we must maintain.

Typically, we invest in or form special purpose entities to assist us in obtaining secured permanent financing at attractive terms. Permanent financing may be structured as a mortgage loan on a single property, or on a group of properties, and generally requires us to provide a mortgage lien on the property or properties in favor of an institutional third party, as a joint venture with a third party, or as a securitized financing. For securitized financings, we create special purpose entities to own the properties. These special purpose entities, which are common in the real estate industry, are structured so that they would not be consolidated in a bankruptcy proceeding involving a parent company. We decide upon the structure of the financing based upon the best terms then available to us and whether the proposed financing is consistent with our other business objectives. For accounting purposes, we include the outstanding securitized debt of special purpose entities owning consolidated properties as part of our consolidated indebtedness.

Conflict of Interest Policies

We maintain policies and have entered into agreements designed to reduce or eliminate potential conflicts of interest. Simon has adopted governance principles governing the function, conduct, selection, orientation and duties of its subsidiaries and Simon's Board of Directors and the Company, as well as written charters for each of the standing Committees of Simon's Board of Directors. In addition, Simon's Board of Directors has a Code of Business Conduct and Ethics, which applies to all of its officers, directors, and employees and those of its subsidiaries. At least a majority of the members of Simon's Board of Directors must qualify, and do qualify, as independent under the listing standards of the New York Stock Exchange, or NYSE, and cannot be affiliated with the Simon family, who are significant stockholders in Simon and/or unitholders in the Operating Partnership. In addition, the Audit and Compensation Committees of Simon's Board of Directors are comprised entirely of independent members who meet the additional independence and financial expert requirements of the NYSE. Any transaction between us and the Simon family, including property acquisitions, service and property management agreements and retail space leases, must be approved by a majority of Simon's non-affiliated directors.

The sale by the Operating Partnership of any property that it owns may have an adverse tax impact on the Simon family or other limited partners of the Operating Partnership. In order to avoid any conflict of interest, the Simon charter requires that at least three-fourths of Simon's independent directors must authorize and require the Operating

Partnership to sell any property it owns. Any such sale is subject to applicable agreements with third parties. Noncompetition agreements executed by David Simon, Simon's Chairman, Chief Executive Officer and President and Herbert Simon, Simon's Chairman Emeritus, as well as David Simon's employment agreement, contain covenants limiting their ability to participate in certain shopping center activities.

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Policies With Respect To Certain Other Activities

We intend to make investments which are consistent with Simon's qualification as a REIT, unless Simon's Board of Directors determines that it is no longer in Simon's best interests to so qualify as a REIT. Simon's Board of Directors may make such a determination because of changing circumstances or changes in the REIT requirements. Simon has authority to issue shares of its capital stock or other securities in exchange for property. We also have authority to repurchase or otherwise reacquire Simon's shares, the Operating Partnership's units, or any other securities. On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized \$2.0 billion common stock repurchase plan, or the Repurchase Program, through March 31, 2019 and on February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new program, the Company may purchase up to \$2.0 billion of its common stock during the two-year period ending February 11, 2021. Under the Repurchase Program, Simon may repurchase the shares in the open market, or in privately negotiated transactions. At December 31, 2018, we had remaining authority to repurchase \$640.6 million of common stock. Simon may also issue shares of its common stock, or pay cash at its option, to holders of units in future periods upon exercise of such holders' rights under the partnership agreement of the Operating Partnership. Our policy prohibits us from making any loans to the directors or executive officers of Simon for any purpose. We may make loans to the joint ventures in which we participate. Additionally, we may make or buy interests in loans secured by real estate properties owned by others or make investments in companies that own real estate assets.

Competition

The retail real estate industry is dynamic and competitive. We compete with numerous merchandise distribution channels, including malls, outlet centers, community/lifestyle centers, and other shopping centers in the United States and abroad. We also compete with internet retailing sites and catalogs which provide retailers with distribution options beyond existing brick and mortar retail properties. The existence of competitive alternatives could have a material adverse effect on our ability to lease space and on the level of rents we can obtain. This results in competition for both the tenants to occupy the properties that we develop and manage as well as for the acquisition of prime sites (including land for development and operating properties). We believe that there are numerous factors that make our properties highly desirable to retailers, including:

- the quality, location and diversity of our properties;
- our management and operational expertise;
- our extensive experience and relationships with retailers, lenders and suppliers; and
- our marketing initiatives and consumer focused strategic corporate alliances.

Certain Activities

During the past three years, we have:

- issued 5,614,062 shares of Simon common stock upon the exchange of units in the Operating Partnership;
- issued 191,740 restricted shares of Simon common stock and 586,720 long term incentive performance units, or LTIP units, net of forfeitures, under The Simon Property Group 1998 Stock Incentive Plan, as amended, or the 1998 Plan;
- purchased 6,153,021 shares of Simon common stock in the open market for \$1.02 billion pursuant to our Repurchase Program;
- issued 475,183 units in the Operating Partnership in exchange for the remaining interest in a former joint venture property;
- redeemed 454,704 units in the Operating Partnership at an average price of \$179.25 per unit in cash;
- amended the Supplemental Facility in April 2016 to increase our borrowing capacity, and amended and extended the Supplemental Facility in February 2018 to further increase our borrowing capacity, extend its term and reduce its

base interest rate;

- amended and extended the Credit Facility in March 2017 to extend its term and reduce its base interest rate;

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- borrowed a maximum amount of \$423.1 million under the Credit Facilities; the outstanding amount of borrowings under the Credit Facility as of December 31, 2018 was \$125.0 million and no borrowings were outstanding under the Supplemental Facility;
- increased the borrowing capacity of the Commercial Paper program from \$1.0 billion to \$2.0 billion in November 2018; the outstanding amount of Commercial Paper notes as of December 31, 2018 was \$758.7 million; and
- provided annual reports containing financial statements audited by our independent registered public accounting firm and quarterly reports containing unaudited financial statements to our security holders.

Employees

At December 31, 2018, we and our affiliates employed approximately 5,000 persons at various properties and offices throughout the United States, of which approximately 1,700 were part time. Approximately 1,000 of these employees were located at our corporate headquarters in Indianapolis, Indiana.

Corporate Headquarters

Our corporate headquarters are located at 225 West Washington Street, Indianapolis, Indiana 46204, and our telephone number is (317) 636 1600.

Available Information

Simon is a large accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended, or the Exchange Act) and is required, pursuant to Item 101 of Regulation S-K, to provide certain information regarding our website and the availability of certain documents filed with or furnished to the Securities and Exchange Commission, or the SEC. Our Internet website address is www.simon.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are available or may be accessed free of charge through the “About Simon/Investor Relations” section of our Internet website as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. Our Internet website and the information contained therein or connected thereto are not, and are not intended to be, incorporated into this Annual Report on Form 10-K.

The following corporate governance documents are also available through the “About Simon/Investor Relations/Governance” section of our Internet website or may be obtained in print form by request of our Investor Relations Department: Governance Principles, Code of Business Conduct and Ethics, Audit Committee Charter, Compensation Committee Charter, and Governance and Nominating Committee Charter.

In addition, we intend to disclose on our Internet website any amendments to, or waivers from, our Code of Business Conduct and Ethics that are required to be publicly disclosed pursuant to rules of the SEC and the NYSE.

Executive Officers

The following table sets forth certain information with respect to Simon’s executive officers as of February 22, 2019.

| Name | Age | Position |
|------------------------|-----|---|
| David Simon | 57 | Chairman of the Board, Chief Executive Officer and President |
| John Rulli | 62 | President of Malls and Chief Administrative Officer |
| Steven E. Fivel | 58 | General Counsel and Secretary |
| Brian J. McDade | 39 | Executive Vice President, Chief Financial Officer and Treasurer |
| Alexander L. W. Snyder | 49 | Assistant General Counsel and Assistant Secretary |

Adam J. Reuille

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Senior Vice President and Chief Accounting Officer

The executive officers of Simon serve at the pleasure of Simon's Board of Directors, except for David Simon who is subject to an employment agreement which may call for certain payments upon termination.

Mr. Simon has served as the Chairman of Simon's Board of Directors since 2007, Chief Executive Officer of Simon or its predecessor since 1995 and assumed the position of President in 2019. Mr. Simon has also been a director of Simon or its predecessor since its incorporation in 1993. Mr. Simon was the President of Simon's predecessor from 1993 to 1996. From 1988 to 1990, Mr. Simon was Vice President of Wasserstein Perella & Company. From 1985 to 1988, he was an Associate at First Boston Corp. He is the son of the late Melvin Simon and the nephew of Herbert Simon.

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Mr. Rulli serves as Simon's President of Malls and Chief Administrative Officer. Mr. Rulli joined Melvin Simon & Associates, Inc., or MSA, in 1988 and held various positions with MSA and Simon thereafter. Mr. Rulli became Chief Administrative Officer in 2007 and was promoted to Senior Executive Vice President in 2011. Mr. Rulli was promoted to President of Malls in 2017.

Mr. Fivel serves as Simon's General Counsel and Secretary. Prior to rejoining Simon in 2011 as Assistant General Counsel and Assistant Secretary, Mr. Fivel served as Executive Vice President, General Counsel and Secretary of Brightpoint, Inc. Mr. Fivel was previously employed by MSA from 1988 until 1993 and then by Simon from 1993 to 1996. Mr. Fivel was promoted to General Counsel and Secretary in 2017.

Mr. McDade serves as Simon's Executive Vice President, Chief Financial Officer and Treasurer. Mr. McDade joined Simon in 2007 as the Director of Capital Markets and was promoted to Senior Vice President of Capital Markets in 2013. Mr. McDade became Treasurer in 2014 and was promoted to Executive Vice President and Chief Financial Officer in 2018.

Mr. Snyder serves as Simon's Assistant General Counsel and Assistant Secretary. Mr. Snyder joined Simon in 2016 as Senior Deputy General Counsel. Immediately prior to joining Simon, Mr. Snyder was Managing Partner of the Crimson Fulcrum Strategic Institute. Mr. Snyder previously served as Executive Vice President, General Counsel and Corporate Secretary for Beechcraft Corporation as well as Chief Counsel Mergers & Acquisitions for Koch Industries, Inc. Mr. Snyder was promoted to Assistant General Counsel and Assistant Secretary in 2017.

Mr. Reuille serves as Simon's Senior Vice President and Chief Accounting Officer and prior to that as Simon's Vice President and Corporate Controller. Mr. Reuille joined Simon in 2009 and was promoted to Senior Vice President and Chief Accounting Officer in 2018.

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Item 1A. Risk Factors

The following factors, among others, could cause our actual results to differ materially from those expressed or implied in forward looking statements made in this Annual Report on Form 10-K and presented elsewhere by our management from time to time. These factors may have a material adverse effect on our business, financial condition, liquidity, results of operations, funds from operations, or FFO, and prospects, which we refer to herein as a material adverse effect on us or as materially and adversely affecting us, and you should carefully consider them. Additional risks and uncertainties not presently known to us or which are currently not believed to be material may also affect our actual results. We may update these factors in our future periodic reports.

Risks Relating to Retail Operations

Conditions that adversely affect the general retail environment could materially and adversely affect us.

Our concentration in the retail real estate market – our primary source of revenue is retail tenants – means that we could be materially and adversely affected by conditions that materially and adversely affect the retail environment generally, including, without limitation:

- levels of consumer spending, changes in consumer confidence, income levels, and fluctuations in seasonal spending in the United States and internationally;
- consumer perceptions of the safety, convenience and attractiveness of our properties;
- the impact on our retail tenants and demand for retail space at our properties from the increasing use of the Internet by retailers and consumers;
- the creditworthiness of our retail tenants and the availability of new creditworthy tenants and the related impact on our occupancy levels and rental revenues;
- local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, decreases in rental rates and declines in real estate values;
- the willingness of retailers to lease space in our properties at attractive rents, or at all;
- changes in economic conditions, which can result from global events such as international trade disputes, a foreign debt crisis, foreign currency volatility, natural disasters, war, civil unrest and terrorism, as well as from domestic issues, such as government policies and regulations, tariffs, energy prices, market dynamics, rising interest rates and limited growth in consumer income;
- increased operating costs and capital expenditures, whether from redevelopments, replacing tenants or otherwise; and
- changes in applicable laws and regulations, including tax, environmental, safety and zoning.

Some of our properties depend on anchor stores or other large nationally recognized tenants to attract shoppers and we could be materially and adversely affected by the loss of one or more of these anchors or tenants.

Our properties are typically anchored by department stores and other large nationally recognized tenants. Certain of our anchors and other tenants have ceased their operations, downsized their brick-and-mortar presence or failed to comply with their contractual obligations to us and others.

For example, among department stores and other national retailers — often referred to as “big box” stores — corporate merger activity typically results in the closure of duplicate or geographically overlapping store locations. Further, sustained adverse pressure on the results of our department stores and other national retailers may have a similarly sustained adverse impact upon our own results. Certain department stores and other national retailers have experienced, and may continue to experience for the foreseeable future (given current macroeconomic uncertainty and less-than-desirable levels of consumer confidence), considerable decreases in customer traffic in their retail stores, increased competition from alternative retail options such as those accessible via the Internet and other forms of

pressure on their business models. As pressure on these department stores and other national retailers increases, their ability to maintain their stores, meet their obligations both to us and to their external lenders and suppliers, withstand takeover attempts or avoid bankruptcy and/or liquidation may be impaired and result in closures of their stores or their seeking of a lease

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modification with us. Any lease modification could be unfavorable to us as the lessor and could decrease current or future effective rents or expense recovery charges. Other tenants may be entitled to modify the economic or other terms of, or terminate, their existing leases with us in the event of such closures.

If a department store or large nationally recognized tenant were to close its stores at our properties, we may experience difficulty and delay and incur significant expense in re-tenanting the space, as well as in leasing spaces in areas adjacent to the vacant store, at attractive rates, or at all. Additionally, department store or tenant closures may result in decreased customer traffic, which could lead to decreased sales at our properties. If the sales of stores operating in our properties were to decline significantly due to the closing of anchor stores or other national retailers, adverse economic conditions, or other reasons, tenants may be unable to pay their minimum rents or expense recovery charges. In the event of any default by a tenant, we may not be able to fully recover, and/or may experience delays and costs in enforcing our rights as landlord to recover, amounts due to us under the terms of our leases with such parties.

We face potential adverse effects from tenant bankruptcies.

Bankruptcy filings by retailers can occur regularly in the course of our operations. If a tenant files for bankruptcy, the tenant may have the right to reject and terminate one or more of its leases with us, and we cannot be sure that it will affirm one or more of its leases and continue to make rental payments to us in a timely manner. A bankruptcy filing by, or relating to, one of our tenants would generally prohibit us from evicting this tenant, and bar all efforts by us to collect pre-bankruptcy debts from that tenant, or from their property, unless we receive an order permitting us to do so from the bankruptcy court. In addition, we cannot evict a tenant solely because of its bankruptcy. If a lease is assumed by the tenant in bankruptcy, all pre-bankruptcy balances due under the lease must be paid to us in full. If a lease is rejected, the unsecured claim we hold against a bankrupt tenant might be paid only to the extent that funds are available and only in the same percentage as is paid to all other holders of unsecured claims, and there are restrictions under bankruptcy laws that limit the amount of the claim we can make if a lease is rejected. As a result, it is likely that we would recover substantially less than the full value of any unsecured claims we hold. In addition, we may make lease modifications either pre- or post-bankruptcy for certain tenants undergoing significant financial distress in order for them to continue as a going concern. Furthermore, we may be required to incur significant expense in re-tenanting the space formerly leased to the bankrupt tenant. We continually seek to re-lease vacant spaces resulting from tenant terminations. The bankruptcy of a tenant, particularly an anchor tenant or a national tenant with multiple locations, may require a substantial redevelopment of their space, the success of which cannot be assured, and may make the re-tenanting of their space difficult and costly, and it also may be more difficult to lease the remainder of the space at the affected property. Future tenant bankruptcies may strain our resources and impact our ability to successfully execute our re-leasing strategy and could materially and adversely affect us.

We face a wide range of competition that could affect our ability to operate profitably.

Our properties compete with other retail properties and other forms of retailing such as e-commerce websites. Competition may come from malls, outlet centers, community/lifestyle centers, and other shopping centers, both existing as well as future development and redevelopment/expansion projects, as well as e-commerce. The presence of competitive alternatives affects our ability to lease space and puts downward pressure on the rents we can charge our tenants. New construction, redevelopments and expansions at competing sites could also negatively affect our properties.

We also compete with other major real estate investors and developers for attractive investment opportunities and prime development sites. Competition for the acquisition of existing properties and development sites may result in increased purchase prices and may adversely affect our ability to make attractive investments on favorable terms, or at all. In addition, we compete with other retail property companies for tenants and qualified management.

Excess space at our properties could materially and adversely affect us.

Certain of our properties have had excess space available for prospective tenants, and those properties may continue to experience, and other properties may commence experiencing, such oversupply in the future. Among other causes, (1) there has been an increased number of bankruptcies of anchor stores and other national retailers, as well as store closures, and (2) there has been lower demand from retail tenants for space, due to certain retailers increasing their use of e-commerce websites to distribute their merchandise. As a result of the increased bargaining power of creditworthy retail tenants, there is downward pressure on our rental rates and occupancy levels, and this increased bargaining power may also result in us having to increase our spend on tenant improvements and potentially make other lease modifications, any of which, in the aggregate, could materially and adversely affect us.

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We may not be able to lease newly developed properties and renew leases and relet space at existing properties.

We may not be able to lease new properties to an appropriate mix of tenants that generates optimal customer traffic. Also, when leases for our existing properties expire, the premises may not be relet or the terms of reletting, including the cost of allowances and concessions to tenants, may be less favorable than the current lease terms. If we elect to pursue a “mixed use” redevelopment we expose ourselves to risks associated with each non-retail use (eg. office, residential, hotel and entertainment). To the extent that our leasing goals are not achieved, we could be materially and adversely affected.

Risks Relating to Real Estate Investments and Operations

Our international activities may subject us to different or greater risk from those associated with our domestic operations.

As of December 31, 2018, we held interests in consolidated and joint venture properties that operate in Austria, Canada, France, Italy, Germany, Japan, Malaysia, Mexico, the Netherlands, South Korea, and the United Kingdom. We also have an equity stake in Klépierre, a publicly traded European real estate company, which operates in 16 countries in Europe. Accordingly, our operating results and the value of our international operations may be impacted by any unhedged movements in the foreign currencies in which those operations transact and in which our net investment in the international operation is held. We may pursue additional investment, development and redevelopment/expansion opportunities outside the United States. International investment, ownership, development and redevelopment/expansion activities carry risks that are different from those we face with our domestic properties and operations. These risks include, but are not limited to:

- adverse effects of changes in exchange rates for foreign currencies;
- changes in foreign political and economic environments, regionally, nationally, and locally;
- impact from international trade disputes and the associated impact on our tenants’ supply chain and consumer spending levels;
- challenges of complying with a wide variety of foreign laws, including corporate governance, operations, taxes and litigation;
- differing lending practices;
- differences in cultures;
- changes in applicable laws and regulations in the United States that affect international operations;
- changes in applicable laws and regulations in these foreign jurisdictions;
 - difficulties in managing international operations; and
- obstacles to the repatriation of earnings and cash.

Our international activities represented approximately 5.1% of consolidated net income and 10.0% of our net operating income, or NOI, for the year ended December 31, 2018. To the extent that we expand our international activities, the above risks could increase in significance, which in turn could have a material adverse effect on us.

We face risks associated with the acquisition, development, redevelopment and expansion of properties.

We regularly acquire and develop new properties and redevelop and expand existing properties, and these activities are subject to various risks. We may not be successful in pursuing acquisition, development or redevelopment/expansion opportunities. In addition, newly acquired, developed or redeveloped/expanded properties may not perform as well as expected, impacting our anticipated return on investment. We are subject to other risks in connection with any acquisition, development and redevelopment/expansion activities, including the following:

- acquisition or construction costs of a project may be higher than projected, potentially making the project unfeasible or unprofitable;
- development, redevelopment or expansions may take considerably longer than expected, delaying the commencement and amount of income from the property;
- we may not be able to obtain financing or to refinance loans on favorable terms, or at all;

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- we may be unable to obtain zoning, occupancy or other governmental approvals;
- occupancy rates and rents may not meet our projections and the project may not be accretive; and
- we may need the consent of third parties such as department stores, anchor tenants, mortgage lenders and joint venture partners, and those consents may be withheld.

If a development or redevelopment/expansion project is unsuccessful, either because it is not meeting our expectations when operational or was not completed according to the project planning, we could lose our investment in the project. Further, if we guarantee the property's financing, our loss could exceed our investment in the project.

In the event that these risks were realized at the same time at multiple properties, we could be materially and adversely affected.

Real estate investments are relatively illiquid.

Our properties represent a substantial portion of our total consolidated assets. These investments are relatively illiquid. As a result, our ability to sell one or more of our properties or investments in real estate in response to any changes in economic, industry, or other conditions may be limited. The real estate market is affected by many factors, such as general economic conditions, availability and terms of financing, interest rates and other factors, including supply and demand for space, that are beyond our control. If we want to sell a property, we cannot assure you that we will be able to dispose of it in the desired time period or at all or that the sales price of a property will be attractive at the relevant time or exceed the carrying value of our investment. Moreover, if a property is mortgaged, we may not be able to obtain a release of the lien on that property without the payment of the associated debt and/or a substantial prepayment penalty, which could restrict our ability to dispose of the property, even though the sale might otherwise be desirable.

Risks Relating to Debt and the Financial Markets

We have a substantial debt burden that could affect our future operations.

As of December 31, 2018, our consolidated mortgages and unsecured indebtedness, excluding related premium, discount and debt issuance costs, totaled \$23.4 billion. As a result of this indebtedness, we are required to use a substantial portion of our cash flows for debt service, including selected repayment at scheduled maturities, which limits our ability to use those cash flows to fund the growth of our business. We are also subject to the risks normally associated with debt financing, including the risk that our cash flows from operations will be insufficient to meet required debt service or that we will be able to refinance such indebtedness on acceptable terms, or at all. Our debt service costs generally will not be reduced if developments at the applicable property, such as the entry of new competitors or the loss of major tenants, cause a reduction in the income from the property. Our indebtedness could also have other adverse consequences on us, including reducing our access to capital or increasing our vulnerability to general adverse economic, industry and market conditions. In addition, if a property is mortgaged to secure payment of indebtedness and income from such property is insufficient to pay that indebtedness, the property could be foreclosed upon by the mortgagee resulting in a loss of income and a decline in our total asset value. If any of the foregoing occurs, we could be materially and adversely affected.

The agreements that govern our indebtedness contain various covenants that impose restrictions on us that might affect our ability to operate freely.

We have a variety of unsecured debt, including the Credit Facilities, senior unsecured notes and commercial paper, and secured property level debt. Certain of the agreements that govern our indebtedness contain covenants, including, among other things, limitations on our ability to incur secured and unsecured indebtedness, sell all or substantially all of our assets and engage in mergers and certain acquisitions. In addition, certain of the agreements that govern our indebtedness contain financial covenants that require us to maintain certain financial ratios, including certain coverage

ratios. These covenants may restrict our ability to pursue certain business initiatives or certain transactions that might otherwise be advantageous to us. In addition, our ability to comply with these provisions might be affected by events beyond our control. Failure to comply with any of our financing covenants could result in an event of default, which, if not cured or waived, could accelerate the related indebtedness as well as other of our indebtedness, which could have a material adverse effect on us.

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Disruption in the capital and credit markets may adversely affect our ability to access external financings for our growth and ongoing debt service requirements.

We depend on external financings, principally debt financings, to fund the growth of our business and to ensure that we can meet ongoing maturities of our outstanding debt. Our access to financing depends on the willingness of lending institutions and other debt investors to grant credit to us and conditions in the capital markets in general. An economic recession may cause extreme volatility and disruption in the capital and credit markets. We rely upon the Credit Facilities as sources of funding for numerous transactions. Our access to these funds is dependent upon the ability of each of the participants to the Credit Facilities to meet their funding commitments to us. When markets are volatile, access to capital and credit markets could be disrupted over an extended period of time and one or more financial institutions may not have the available capital to meet their previous commitments to us. The failure of one or more participants to the Credit Facilities to meet their funding commitments to us could have a material adverse effect on us, including as a result of making it difficult to obtain the financing we may need for future growth and/or meeting our debt service requirements. We cannot assure you that we will be able to obtain the financing we need for the future growth of our business or to meet our debt service requirements, or that a sufficient amount of financing will be available to us on favorable terms, or at all.

Adverse changes in our credit rating could affect our borrowing capacity and borrowing terms.

The Operating Partnership's outstanding senior unsecured notes, Credit Facilities, the Commercial Paper program, and Simon's preferred stock are periodically rated by nationally recognized credit rating agencies. The credit ratings are based on our operating performance, liquidity and leverage ratios, financial condition and prospects, and other factors viewed by the credit rating agencies as relevant to us and our industry and the economic outlook in general. Our credit rating can affect the amount of capital we can access, as well as the terms of any financing we obtain. Since we depend primarily on debt financing to fund the growth of our business, an adverse change in our credit rating, including actual changes and changes in outlook, or even the initiation of a review of our credit rating that could result in an adverse change, could have a material adverse effect on us.

An increase in interest rates would increase our interest costs on variable rate debt and could adversely impact our ability to refinance existing debt on attractive terms, or at all; our hedging interest rate protection arrangements may not effectively limit our interest rate risk.

As of December 31, 2018, we had approximately \$844 million of outstanding consolidated indebtedness that bears interest at variable rates, and we may incur more variable rate indebtedness in the future. If interest rates increase, then so would the interest costs on our unhedged variable rate debt, which could adversely affect our cash flows and our ability to pay principal and interest on our debt and our ability to make distributions to our stockholders. Further, rising interest rates could limit our ability to refinance existing debt when it matures or significantly increase our future interest expense.

We selectively manage our exposure to interest rate risk by a combination of interest rate protection agreements to effectively fix or cap all or a portion of our variable rate debt. In addition, we refinance fixed rate debt at times when we believe rates and other terms are appropriate. Our efforts to manage these exposures may not be successful.

Our use of interest rate hedging arrangements to manage risk associated with interest rate volatility may expose us to additional risks, including a risk that a counterparty to a hedging arrangement may fail to honor its obligations or that we could be required to fund our contractual payment obligations under such arrangements in relatively large amounts or on short notice. Developing an effective interest rate risk strategy is complex and no strategy can completely insulate us from risks associated with interest rate fluctuations. There can be no assurance that our hedging activities will have the desired beneficial impact on our results of operations, liquidity and financial condition. Termination of

these hedging agreements typically involves costs, such as transaction fees or breakage costs.

Risks Relating to Income Taxes

Simon and certain subsidiaries of the Operating Partnership have elected to be taxed as REITs in the United States and certain international operations also are structured to be taxed in a manner similar to the REIT structure. The failure to maintain Simon's or these subsidiaries' qualifications as REITs or changes in local tax laws or regulations in certain of our international operations could result in adverse tax consequences.

We are subject to certain income-based taxes, both domestically and internationally, and other taxes, including state and local taxes, franchise taxes, and withholding taxes on dividends from certain of our international investments. We

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currently follow local tax laws and regulations in various domestic and international jurisdictions. Should these laws or regulations change, the amount of taxes we pay may increase accordingly.

In the United States, Simon and certain subsidiaries of the Operating Partnership have elected to be taxed as REITs under Sections 856 through 860 of the Internal Revenue Code. We believe Simon and these subsidiaries have been organized and operated in a manner which allows them to qualify for taxation as REITs under the Internal Revenue Code. We intend to continue to operate in this manner. However, qualification and taxation as REITs depend upon the ability of Simon and these subsidiaries to satisfy several requirements (some of which are outside our control), including tests related to our annual operating results, asset diversification, distribution levels and diversity of stock ownership. The various REIT qualification tests required by the Internal Revenue Code are highly technical and complex. Accordingly, there can be no assurance that Simon or any of these subsidiaries has operated in accordance with these requirements or will continue to operate in a manner so as to qualify or remain qualified as a REIT.

If Simon or any of these subsidiaries fail to comply with those provisions, Simon or any such subsidiary may be subject to monetary penalties or ultimately to possible disqualification as REITs. If such events occur, and if available relief provisions do not apply:

- Simon or any such subsidiary will not be allowed a deduction for distributions to stockholders in computing taxable income;
- Simon or any such subsidiary will be subject to corporate-level income tax on taxable income at the corporate rate; and
- unless entitled to relief under relevant statutory provisions, Simon or any such subsidiary will also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost.

Any such corporate tax liability could be substantial and would reduce the amount of cash available for, among other things, our operations and distributions to stockholders. In addition, if Simon fails to qualify as a REIT, it will not be required to make distributions to our stockholders. Moreover, a failure by any subsidiary of the Operating Partnership that has elected to be taxed as a REIT to qualify as a REIT would also cause Simon to fail to qualify as a REIT, and the same adverse consequences would apply to it and its stockholders. Failure by Simon or any of these subsidiaries to qualify as a REIT also could impair our ability to expand our business and raise capital, which could materially and adversely affect us.

The tax imposed on REITs engaging in “prohibited transactions” may limit our ability to engage in transactions which would be treated as sales for U.S. federal income tax purposes.

A REIT’s net income from prohibited transactions is subject to a 100% penalty tax. In general, prohibited transactions are sales or other dispositions of property, other than foreclosure property, held primarily for sale to customers in the ordinary course of business. Although we do not intend to hold any properties that would be characterized as held for sale to customers in the ordinary course of our business, unless a sale or disposition qualifies under certain statutory safe harbors, such characterization is a factual determination and no guarantee can be given that the Internal Revenue Service, or the IRS, would agree with our characterization of our properties or that we will always be able to make use of the available safe harbors.

REIT distribution requirements could adversely affect our liquidity and our ability to execute our business plan.

In order for Simon and certain subsidiaries of the Operating Partnership to qualify to be taxed as REITs, and assuming that certain other requirements are also satisfied, Simon and each such subsidiary generally must distribute at least 90% of their respective REIT taxable income, determined without regard to the dividends paid deduction and excluding any net capital gains, to their respective equity holders each year. To this point, Simon and each such subsidiary have historically distributed at least 100% of taxable income and thereby avoided income tax altogether. To

the extent that Simon or any such subsidiary satisfies this distribution requirement and qualifies for taxation as a REIT, but distributes less than 100% of its REIT taxable income, Simon or any such subsidiary will be subject to U.S. federal corporate income tax on its undistributed net taxable income and could be subject to a 4% nondeductible excise tax if the actual amount that is distributed to equity holders in a calendar year is less than “the required minimum distribution amount” specified under U.S. federal income tax laws. We intend to make distributions to the equity holders of Simon and the aforementioned subsidiaries of the Operating Partnership to comply with the REIT requirements of the Internal Revenue Code.

From time to time, Simon and the aforementioned subsidiaries of the Operating Partnership might generate taxable income greater than their respective cash flow as a result of differences in timing between the recognition of taxable income and the actual receipt of cash or the effect of nondeductible capital expenditures, the creation of reserves, or required debt

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or amortization payments. If Simon and these subsidiaries do not have other funds available in these situations, Simon and these subsidiaries could be required to access capital on unfavorable terms (the receipt of which cannot be assured), sell assets at disadvantageous prices, distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt, or make taxable distributions of capital stock or debt securities to make distributions sufficient to enable them to pay out enough of their respective REIT taxable income to satisfy the REIT distribution requirement and avoid corporate income tax and the 4% excise tax in a particular year. These alternatives could increase costs or reduce our equity. Further, amounts distributed will not be available to fund the growth of our business. Thus, compliance with the REIT requirements may adversely affect our liquidity and our ability to execute our business plan.

Complying with REIT requirements might cause us to forego otherwise attractive acquisition opportunities or liquidate otherwise attractive investments.

To qualify to be taxed as REITs for U.S. federal income tax purposes, Simon and certain subsidiaries of the Operating Partnership must ensure that, at the end of each calendar quarter, at least 75% of the value of their respective assets consist of cash, cash items, government securities and “real estate assets” (as defined in the Internal Revenue Code), including certain mortgage loans and securities. The remainder of their respective investments (other than government securities, qualified real estate assets and securities issued by a taxable REIT subsidiary, or TRS) generally cannot include more than 10% of the outstanding voting securities of any one issuer or more than 10% of the total value of the outstanding securities of any one issuer.

Additionally, in general, no more than 5% of the value of Simon’s and these subsidiaries’ total assets (other than government securities, qualified real estate assets and securities issued by a TRS) can consist of the securities of any one issuer, and no more than 20% of the value of their respective total assets can be represented by securities of one or more TRSs. If Simon or any of these subsidiaries fails to comply with these requirements at the end of any calendar quarter, Simon or any such subsidiary must correct the failure within 30 days after the end of the calendar quarter or qualify for certain statutory relief provisions to avoid losing its REIT qualification and suffering adverse tax consequences. As a result, we might be required to liquidate or forego otherwise attractive investments. These actions could have the effect of reducing our income and amounts available for distribution to equity holders.

In addition to the asset tests set forth above, to qualify to be taxed as REITs, Simon and these subsidiaries must continually satisfy tests concerning, among other things, the sources of their respective income, the amounts they distribute to equity holders and the ownership of their respective shares. We might be unable to pursue investments that would be otherwise advantageous to us in order to satisfy the source-of-income or asset-diversification requirements for qualifying as REITs. Thus, compliance with the REIT requirements may hinder our ability to make certain attractive investments.

Partnership tax audit rules could have a material adverse effect on us.

The Bipartisan Budget Act of 2015 changes the rules applicable to U.S. federal income tax audits of partnerships. Under the rules, among other changes and subject to certain exceptions, any audit adjustment to items of income, gain, loss, deduction, or credit of a partnership (and any partner’s distributive share thereof) is determined, and taxes, interest, or penalties attributable thereto could be assessed and collected, at the partnership level. Absent available elections, it is possible that a partnership in which we directly or indirectly invest, could be required to pay additional taxes, interest and penalties as a result of an audit adjustment, and we, as a direct or indirect partner of these partnerships, could be required to bear the economic burden of those taxes, interest, and penalties even though Simon and certain subsidiaries of the Operating Partnership, as REITs, may not otherwise have been required to pay additional corporate-level taxes had they owned the assets of the partnership directly. The partnership tax audit rules apply to the Operating Partnership and its subsidiaries that are classified as partnerships for U.S. federal income tax

purposes. The changes created by these rules are sweeping and, accordingly, there can be no assurance that these rules will not have a material adverse effect on us.

Legislative, administrative, regulatory or other actions affecting REITs, including positions taken by the IRS, could have a material adverse effect on us and our investors.

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process, and by the IRS and the U.S. Department of the Treasury, or the Treasury. Changes to the tax laws or interpretations thereof by the IRS and the Treasury, with or without retroactive application, could materially and adversely affect us and our investors. New legislation (including the recently enacted Tax Cuts and Jobs Act, or the TCJA, and any technical corrections legislation), Treasury regulations, administrative interpretations or court decisions could significantly and negatively affect the ability of Simon and certain subsidiaries of the Operating Partnership to qualify to be taxed as REITs and/or the U.S. federal income tax consequences to us and our investors of such qualification.

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The TCJA has significantly changed the U.S. federal income taxation of U.S. businesses and their owners, including REITs and their stockholders. A change made by the TCJA that could affect us and our stockholders is that it generally limits the deduction for net business interest expense in excess of 30% of a business's adjusted taxable income except for taxpayers that engage in certain real estate businesses and elect out of this rule (provided that such electing taxpayers must use an alternative depreciation system for certain property).

Risks Relating to Joint Ventures

We have limited control with respect to some properties that are partially owned or managed by third parties, which may adversely affect our ability to sell or refinance them.

As of December 31, 2018, we owned interests in 99 income-producing properties with other parties. Of those, 18 properties are included in our consolidated financial statements. We account for the other 81 properties, or the joint venture properties, as well as our investments in Klépierre (a publicly traded, Paris-based real estate company), Aéropostale, Authentic Brands Group, LLC, or ABG, and HBS Global Properties, or HBS, using the equity method of accounting. We serve as general partner or property manager for 57 of these 81 joint venture properties; however, certain major decisions, such as approving the operating budget and selling, refinancing, and redeveloping the properties, require the consent of the other owners. Of the joint venture properties for which we do not serve as general partner or property manager, 20 are in our international joint ventures. These international properties are managed locally by joint ventures in which we share control of the properties with our partner. The other owners have participating rights that we consider substantive for purposes of determining control over the joint venture properties' assets. The remaining joint venture properties, Klépierre, and our joint ventures with Aéropostale, ABG, and HBS, are managed by third parties.

These investments, and other future similar investments, could involve risks that would not be present were a third party not involved, including the possibility that partners or other owners might become bankrupt, suffer a deterioration in their creditworthiness, or fail to fund their share of required capital contributions. Partners or other owners could have economic or other business interests or goals that are inconsistent with our own business interests or goals, and could be in a position to take actions contrary to our policies or objectives.

These investments, and other future similar investments, also have the potential risk of creating impasses on decisions, such as a sale or financing, because neither we nor our partner or other owner has full control over the partnership or joint venture. Disputes between us and partners or other owners might result in litigation or arbitration that could increase our expenses and prevent Simon's officers and/or directors from focusing their time and efforts on our business. Consequently, actions by, or disputes with, partners or other owners might result in subjecting properties owned by the partnership or joint venture to additional risk. In addition, we risk the possibility of being liable for the actions of our partners or other owners.

The Operating Partnership guarantees debt or otherwise provides support for a number of joint venture properties.

Joint venture debt is the liability of the joint venture and is typically secured by a mortgage on the joint venture property, which is non-recourse to us. Nevertheless, the joint venture's failure to satisfy its debt obligations could result in the loss of our investment therein. As of December 31, 2018, the Operating Partnership guaranteed joint venture related mortgage indebtedness of \$216.1 million (of which we have a right of recovery from our joint venture partners of \$10.8 million). A default by a joint venture under its debt obligations would expose us to liability under a guaranty. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such fundings are not typically required contractually or otherwise.

Risks Relating to Environmental Matters

As owners of real estate, we can face liabilities for environmental contamination.

U.S. federal, state and local laws and regulations relating to the protection of the environment may require us, as a current or previous owner or operator of real property, to investigate and clean up hazardous or toxic substances or petroleum product releases at a property or at impacted neighboring properties. These laws often impose liability regardless of whether the property owner or operator knew of, or was responsible for, the presence of hazardous or toxic substances. These laws and regulations may require the abatement or removal of asbestos containing materials in the event of damage, demolition or renovation, reconstruction or expansion of a property and also govern emissions of and exposure to asbestos fibers in the air. Those laws and regulations also govern the installation, maintenance and removal of underground storage

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tanks used to store waste oils or other petroleum products. Many of our properties contain, or at one time contained, asbestos containing materials or underground storage tanks (primarily related to auto service center establishments or emergency electrical generation equipment). We may be subject to regulatory action and may also be held liable to third parties for personal injury or property damage incurred by the parties in connection with any such laws and regulations or hazardous or toxic substances. The costs of investigation, removal or remediation of hazardous or toxic substances, and related liabilities, may be substantial and could materially and adversely affect us. The presence of hazardous or toxic substances, or the failure to remediate the related contamination, may also adversely affect our ability to sell, lease or redevelop a property or to borrow money using a property as collateral.

Our efforts to identify environmental liabilities may not be successful.

Although we believe that our portfolio is in substantial compliance with U.S. federal, state and local environmental laws and regulations regarding hazardous or toxic substances, this belief is based on limited testing. Nearly all of our properties have been subjected to Phase I or similar environmental audits. These environmental audits have not revealed, nor are we aware of, any environmental liability that we believe is reasonably likely to have a material adverse effect on us. However, we cannot assure you that:

- previous environmental studies with respect to the portfolio reveal all potential environmental liabilities;
- any previous owner, occupant or tenant of a property did not create any material environmental condition not known to us;
- the current environmental condition of the portfolio will not be affected by tenants and occupants, by the condition of nearby properties, or by other unrelated third parties; or
- future uses or conditions (including, without limitation, changes in applicable environmental laws and regulations or the interpretation thereof) will not result in environmental liabilities.

We face risks associated with climate change.

To the extent climate change causes changes in weather patterns, our properties in certain markets could experience increases in storm intensity and rising sea levels. Over time, these conditions could result in volatile or decreased demand for retail space at certain of our properties or, in extreme cases, our inability to operate the properties at all. Climate change may also have indirect effects on our business by increasing the cost of (or making unavailable) insurance on favorable terms, or at all, increasing the cost of energy at our properties or requiring us to spend funds to repair and protect our properties against such risks. Moreover, compliance with new laws or regulations related to climate change, including compliance with “green” building codes, may require us to make improvements to our existing properties or increase taxes and fees assessed on us or our properties.

Other Factors Affecting Our Business

Some of our potential losses may not be covered by insurance.

We maintain insurance coverage with third-party carriers who provide a portion of the coverage for specific layers of potential losses, including commercial general liability, fire, flood, extended coverage and rental loss insurance on all of our properties in the United States. The initial portion of coverage not provided by third-party carriers is either insured through our wholly-owned captive insurance company or other financial arrangements controlled by us. A third party carrier has, in turn, agreed to provide, if required, evidence of coverage for this layer of losses under the terms and conditions of the carrier’s policy. A similar policy either written through our captive insurance company or other financial arrangements controlled by us also provides initial coverage for property insurance and certain windstorm risks at the properties located in coastal windstorm locations.

There are some types of losses, including lease and other contract claims, which generally are not insured or are subject to large deductibles. If an uninsured loss or a loss in excess of insured limits occurs, we could lose all or a portion of the capital we have invested in a property, as well as the anticipated future revenue it could generate but may remain obligated for any mortgage debt or other financial obligation related to the property.

We currently maintain insurance coverage against acts of terrorism on all of our properties in the United States on an “all risk” basis in the amount of up to \$1 billion. Despite the existence of this insurance coverage, any threatened or actual terrorist attacks where we operate could materially and adversely affect us.

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We face risks associated with security breaches through cyber attacks, cyber intrusions or otherwise, as well as other significant disruptions of our information technology (IT) networks and related systems.

Our IT networks and related systems are essential to the operation of our business and our ability to perform day-to-day operations and, in some cases, may be critical to the operations of certain of our tenants. We face risks associated with security breaches, whether through cyber-attacks or cyber intrusions over the Internet, malware, computer viruses, hardware or software corruption or failure or poor product or vendor/developer selection (including a failure of security controls incorporated into or applied to such hardware or software), service provider error or failure, intentional or unintentional actions by employees (including the failure to follow our security protocols), and other significant disruptions of our IT networks and related systems. Although we make efforts to maintain the security and integrity of these types of IT networks and related systems, and we have implemented various measures to manage the risk of a security breach or disruption, there can be no assurance that our security efforts and measures will be effective or that attempted security breaches or disruptions would not be successful or damaging. Even the most well protected information, networks, systems and facilities remain potentially vulnerable because the techniques used in such attempted security breaches evolve and generally are not recognized until launched against a target, and in some cases are designed not to be detected and, in fact, may not be detected. Accordingly, we may be unable to anticipate these techniques or to implement adequate security barriers or other preventative measures, and thus it is impossible for us to entirely mitigate this risk.

A breach or significant and extended disruption in the functioning of our systems, including our primary website, could damage our reputation and cause us to lose customers, tenants and revenues, generate third party claims, result in the unintended and/or unauthorized public disclosure or the misappropriation of proprietary, personal identifying and confidential information, and require us to incur significant expenses to address and remediate or otherwise resolve these kinds of issues, and we may not be able to recover these expenses in whole or in any part from our service providers or responsible parties, or their or our insurers.

Our success depends, in part, on our ability to attract and retain talented employees, and the loss of any one of our key personnel could adversely impact our business.

The success of our business depends, in part, on the leadership and performance of our executive management team and key employees, and our ability to attract, retain and motivate talented employees could significantly impact our future performance. Competition for these individuals is intense, and we cannot assure you that we will retain our executive management team and other key employees or that we will be able to attract and retain other highly qualified individuals for these positions in the future. Losing any one or more of these persons could have a material adverse effect on us.

Provisions in Simon's charter and by laws and in the Operating Partnership's partnership agreement could prevent a change of control.

Simon's charter contains a general restriction on the accumulation of shares in excess of 8% of its capital stock. The charter permits the members of the Simon family and related persons to own up to 18% of Simon's capital stock. Ownership is determined by the lower of the number of outstanding shares, voting power or value controlled. Simon's Board of Directors may, by majority vote, permit exceptions to those levels in circumstances where Simon's Board of Directors determines that Simon's ability to qualify as a REIT will not be jeopardized. These restrictions on ownership may have the effect of delaying, deferring or preventing a transaction or a change in control that might otherwise be in the best interest of Simon's stockholders or the Operating Partnership's unitholders or preferred unitholders. Other provisions of Simon's charter and by-laws could have the effect of delaying or preventing a change of control even if some of Simon's stockholders or the Operating Partnership's unitholders or preferred unitholders deem such a change to be in their best interests. These include provisions preventing holders of Simon's common stock from acting by

written consent and requiring that up to four directors in the aggregate may be elected by holders of Class B common stock. In addition, certain provisions of the Operating Partnership's partnership agreement could have the effect of delaying or preventing a change of control. These include a provision requiring the consent of a majority in interest of units in order for Simon, as general partner of the Operating Partnership, to, among other matters, engage in a merger transaction or sell all or substantially all of its assets.

The United Kingdom's pending departure from the European Union could have a material adverse effect on us.

Following a national referendum in June 2016, the United Kingdom formally notified the European Council on March 29, 2017 of its intention to withdraw from the European Union ("EU") (commonly referred to as "Brexit"). The timing of the proposed exit is currently scheduled for March 29, 2019, with a transition period running through December 2020. A

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withdrawal plan was presented to the UK parliament in January 2019 and rejected, creating further uncertainty in negotiations and the process of withdrawal. The terms governing the future relationship between the United Kingdom and the EU, as well as the legal and economic consequences of those terms, remain unclear. This continues to create political and economic uncertainty, which has affected, and may continue to affect, market and macro-economic conditions in both the United Kingdom and EU economies. In particular, there may be ongoing and increased volatility in financial and foreign exchange markets in the United Kingdom and EU, including a fall in gross domestic product and volatility in the value of Pounds Sterling. Further, financial and other markets may suffer losses as a result of any other countries determining to withdraw from the EU or from any future significant changes to the EU's structure and/or regulations.

We currently hold, and may acquire additional, equity interests in properties located in the United Kingdom and Europe, as well as other investments that are denominated in Pounds Sterling and Euro. In addition, our Operating Partnership and its subsidiaries have issued, and may issue in the future, senior unsecured notes denominated in Euro. Any of the effects of Brexit described above, and others we cannot anticipate, could have a material adverse effect on us, including the value of our properties and investments and our potential growth in Europe, as well as on our tenants' businesses, and could amplify the currency risks faced by us.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

United States Properties

Our U.S. properties primarily consist of malls, Premium Outlets, The Mills, lifestyle centers and other retail properties. These properties contain an aggregate of approximately 181.1 million square feet of gross leasable area, or GLA.

Malls typically contain at least one department store anchor or a combination of anchors and big box retailers with a wide variety of smaller stores connecting the anchors. Additional stores are usually located along the perimeter of the parking area. Our 107 malls are generally enclosed centers and range in size from approximately 260,000 to 2.7 million square feet of GLA.

Premium Outlets generally contain a wide variety of designer and manufacturer stores located in open air centers. Our 69 Premium Outlets range in size from approximately 150,000 to 900,000 square feet of GLA. The Premium Outlets are generally located within a close proximity to major metropolitan areas and/or tourist destinations.

The 14 properties in The Mills generally range in size from 1.2 million to 2.3 million square feet of GLA and are located in major metropolitan areas. They have a combination of traditional mall, outlet center, and big box retailers and entertainment uses.

We also have interests in four lifestyle centers and 12 other retail properties. The lifestyle centers range in size from 170,000 to 930,000 square feet of GLA. The other retail properties range in size from approximately 160,000 to 850,000 square feet of GLA and are considered non core to our business model.

As of December 31, 2018, approximately 95.9% of the owned GLA in malls and Premium Outlets was leased and approximately 97.6% of the owned GLA for The Mills was leased.

We wholly own 135 of our properties, effectively control 12 properties in which we have a joint venture interest, and hold the remaining 59 properties through unconsolidated joint venture interests. We are the managing or co managing general partner or member of 202 properties in the United States. Certain of our joint venture properties are subject to various rights of first refusal, buy sell provisions, put and call rights, or other sale or marketing rights for partners which are customary in real estate partnership agreements and the industry. We and our partners in these joint ventures may initiate these provisions (subject to any applicable lock up or similar restrictions) which may result in either the sale of our interest or the use of available cash or borrowings, or the use of Operating Partnership units, to acquire the joint venture interest from our partner.

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

The following property table summarizes certain data for our malls, Premium Outlets, The Mills, lifestyle centers and other retail properties located in the United States, including Puerto Rico, as of December 31, 2018.

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if | Legal | Year Built or | Occupancy (5) | Total GLA | Selected L Retailers and Uses |
|---------------------|-------|---------------------|-----------------------------------|-------|----------------------|---------------|-------------|--|
| Apple Blossom Mall | VA | Winchester | Fee | 49.1 | % (4) Acquired 1999 | 93.7 | % 472,802 | Belk, JCPenney, Sears, AMC Cinemas |
| Auburn Mall | MA | Auburn | Fee | 56.4 | % (4) Acquired 1999 | 98.4 | % 583,739 | Macy's, Sears, Reliant Meridian Group |
| Aventura Mall (1) | FL | Miami Beach (Miami) | Fee | 33.3 | % (4) Built 1983 | 97.3 | % 2,079,715 | Bloomingdale's, Macy's (8), JCPenney, Nordstrom, Equinox Fitness Clubs, AMC Theatres |
| Avenues, The | FL | Jacksonville | Fee | 25.0 | % (4) (2) Built 1990 | 96.9 | % 1,111,812 | Belk, Dillard's, JCPenney, Sears, Forever 21 |
| Barton Creek Square | TX | Austin | Fee | 100.0 | % Built 1981 | 95.3 | % 1,430,122 | Nordstrom, Macy's, Dillard's (8), JCPenney, AMC Theatres |
| Battlefield Mall | MO | Springfield | Fee and Ground Lease (2056) | 100.0 | % Built 1970 | 92.1 | % 1,202,116 | Macy's, Dillard's (8), JCPenney, Sears |
| Bay Park Square | WI | Green Bay | Fee | 100.0 | % Built 1980 | 87.6 | % 724,373 | Kohl's, ShopKo, Marcus Cinemas |

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| | | | | | | | | | | |
|----------------------|----|---------------------|---------------------------------------|-------|-------|---------------|------|---|-----------|---|
| Brea Mall | CA | Brea (Los Angeles) | Fee | 100.0 | % | Acquired 1998 | 97.0 | % | 1,319,599 | 16 Nordstrom, Macy's (8), JCPenney, |
| Griarwood Mall | MI | Ann Arbor | Fee | 50.0 | % (4) | Acquired 2007 | 98.6 | % | 978,672 | Macy's, JCPenney, Maur, Hilt, Garden Inn (15), Town Place Suite Marriott (1), Saks Fifth Avenue, Cinemex, EAST Mia Hotel (15), Centrale |
| Brickell City Centre | FL | Miami | Fee | 25.0 | % (4) | Built 2016 | 81.7 | % | 476,799 | Dillard's, JCPenney, Macy's, Lo Taylor, Nordstrom, Crate & Ba Primark, Arhaus Furniture |
| Broadway Square | TX | Tyler | Fee | 100.0 | % | Acquired 1994 | 98.2 | % | 626,926 | Macy's (8), Best Buy, Marshalls, Barnes & Noble, Reg Cinema, T (6) |
| Burlington Mall | MA | Burlington (Boston) | Fee and Ground Lease (2026) (7) | 100.0 | % | Acquired 1998 | 97.0 | % | 1,264,825 | Macy's, Vo Maur, JCPenney, Dick's Spo Goods, AM Theatres |
| Cape Cod Mall | MA | Hyannis | Fee and Ground Leases (2029-2073) (7) | 56.4 | % (4) | Acquired 1999 | 95.0 | % | 723,605 | Macy's, Dillard's (8), JCPenney, Sears, Cinemark Theatres |
| Castleton Square | IN | Indianapolis | Fee | 100.0 | % | Built 1972 | 96.0 | % | 1,381,533 | Dillard's, JCPenney, Sears, Cinemark Theatres |
| Cielo Vista Mall | TX | El Paso | Fee and Ground Lease (2027) (7) | 100.0 | % | Built 1974 | 97.8 | % | 1,245,359 | Dillard's, Barnes & Noble, Bed Bath & Beyond, B Buy, DSW |
| Coconut Point | FL | Estero | Fee | 50.0 | % (4) | Built 2006 | 90.6 | % | 1,205,436 | |

| | | | | | | | | | | |
|--------------------|----|--------------------------|---------------------------------------|-------|-----------|------------------|------|---|-----------|---|
| | | | | | | | | | | Office Max, PetSmart, I T.J. Maxx, Hollywood Theatres, S Target, Michael's, Wine & M Tuesday Morning, H Place Coco Point (15), TownePlac Suites by Marriott (1 Macy's, Ta Dick's Spo Goods, Bec Bath & Beyond, U Fresh Thyr |
| College Mall | IN | Bloomington | Fee and Ground Lease (2048) (7) | 100.0 | % | Built 1965 | 88.7 | % | 610,256 | Macy's (8) Dick's Spo Goods, Bec Bath & Beyond, U |
| Columbia Center | WA | Kennewick | Fee | 100.0 | % | Acquired 1987 | 97.4 | % | 762,585 | Fresh Thyr Macy's (8) JCPenney, Barnes & Noble, DS Home Goo Dick's Spo Goods (6) |
| Copley Place | MA | Boston | Fee | 94.4 | % (11) | Acquired 2002 | 93.6 | % | 1,259,063 | Neiman Marcus, Barneys N York, Bost Marriott C Place (15), Westin Co Place (15) |
| Coral Square | FL | Coral Springs (Miami) | Fee | 97.2 | % | Built 1984 | 99.4 | % | 943,873 | Macy's (8) JCPenney, Sears, Koh |
| Cordova Mall | FL | Pensacola | Fee | 100.0 | % | Acquired 1998 | 98.1 | % | 929,685 | Dillard's, E Best Buy, I Bath & Beyond, C Plus Worl Market, R Dick's Spo Goods |
| Crystal Mall | CT | Waterford | Fee | 78.2 | % (4) | Acquired 1998 | 85.5 | % | 782,995 | Macy's, JCPenney, Bath & Beyond, |

| | | | | | | | | | | |
|---------------------------|----|---|---------------------------------------|-------|----------|------------------|------|---|-----------|---|
| Wadeland Mall | FL | Miami | Fee | 50.0 | % (4) | Acquired 1997 | 99.2 | % | 1,497,002 | Christmas Shops Saks Fifth Avenue, Nordstrom Macy's (8), JCPenney, Hotel by Marriott (6) |
| Del Amo Fashion Center | CA | Torrance (Los Angeles) | Fee | 50.0 | % (4) | Acquired 2007 | 94.4 | % | 2,517,765 | Nordstrom Macy's (8), JCPenney, Sears, Marshalls, Barnes & Noble, JoA Fabrics, Al Theatres, L Sporting Goods, Da Buster's |
| Domain, The | TX | Austin | Fee | 100.0 | % | Built 2006 | 91.8 | % | 1,234,252 | Neiman Marcus, Macy's, Dillard's, L Sporting Goods, iPi Theaters, Arhaus Furniture, Punch Bow Social, We Austin at T Domain, (1 |
| Dover Mall | DE | Dover | Fee and Ground Lease (2041) (7) | 68.1 | % (4) | Acquired 2007 | 85.3 | % | 927,414 | Macy's, JCPenney, Boscov's, A Cinemas, Dick's Spo Goods |
| Emerald Square | MA | North Attleboro (Providence, RI) | Fee | 56.4 | % (4) | Acquired 1999 | 87.4 | % | 1,022,295 | Macy's (8), JCPenney, Sears |
| Empire Mall | SD | Sioux Falls | Fee and Ground Lease (2033) (7) | 100.0 | % | Acquired 1998 | 94.3 | % | 1,124,235 | Macy's, JCPenney, Gordmans, Hy-Vee, D Sporting G |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if | Legal | Year Built or | Occupancy (5) | Total GLA | Selected Landmark Retailers and Uses |
|--------------------------------|-------|----------------------------|-----------------------------------|----------------|---------------------|---------------|-------------|---|
| Shops at Southpoint, The | FL | Miami | Lease) (3) Fee | Ownership 50.0 | % Acquired (4) 2007 | 98.8 | % 839,967 | Bloomingdale's (13), Macy's, Regal Cinemas, The Fresh Market |
| Shops at Pentagon City, The | VA | Arlington (Washington, DC) | Fee | 42.5 | % Built 1989 (4) | 99.6 | % 1,037,360 | Nordstrom, Macy's, The Ritz-Carlton (15) |
| Shops at Keystone, The | IN | Indianapolis | Fee and Ground Lease (2067) (7) | 100.0 | % Acquired 1997 | 97.5 | % 716,555 | Saks Fifth Avenue, Crate & Barrel, Nordstrom, Keystone Cinema |
| Shops at Valley View, The | CA | San Diego | Fee | 50.0 | % Acquired (4) 2001 | 98.3 | % 1,727,070 | Neiman Marcus, Bloomingdale's, Nordstrom, Macy's, JCPenney, Regal Theatres, Forever 21 |
| Shops at Firewheel Town Center | TX | Garland (Dallas) | Fee | 100.0 | % Built 2005 | 97.7 | % 995,806 | Dillard's, Macy's, Barnes & Noble, Dillard's, Cost Plus World Market, AMC Theatres, Darden Sporting Goods, Fairfield Inn, Marriott (14) |
| Shops at Florida Mall, The | FL | Orlando | Fee | 50.0 | % Built 1986 (4) | 99.4 | % 1,717,740 | (16) Macy's, Dillard's, |

| | | | | | | | | | | |
|--|----------|--------------------------------|---------------------------------|-------|---|---------------|------|---|-----------|--|
| | | | | | | | | | | JCPenney, Sears, H&M Forever 21, Zara, American Girl, Dick's Sporting Goods, Crayola Experience, Florida Hotel and Conference Center (16) |
| Forum Shops at Caesars Palace, The Galleria, The | NV TX | Las Vegas | Ground Lease (2050) | 100.0 | % | Built 1992 | 95.8 | % | 663,877 | Caesars Palace Las Vegas Hotel and Casino, Saks Fifth Avenue, Ne Marcus, Nordstrom, Macy's, The Westin Galleria (15), The Oaks (15), Time Tennis |
| Greenwood Park Mall | IN | Greenwood (Indianapolis) | Fee | 100.0 | % | Acquired 1979 | 99.2 | % | 1,260,340 | Macy's, Von Maur, JCPenney, Dick's Sporting Goods, Barnes & Noble, Regal Cinema |
| Maywood Mall | SC | Greenville | Fee and Ground Lease (2067) (7) | 100.0 | % | Acquired 1998 | 97.6 | % | 1,237,411 | Macy's, Dillard's, JCPenney, Sears, Belk |
| Ingram Park Mall | TX | San Antonio | Fee | 100.0 | % | Built 1979 | 96.7 | % | 1,118,942 | Dillard's, Macy's, JCPenney, Bealls |
| King of Prussia | PA | King of Prussia (Philadelphia) | Fee | 100.0 | % | Acquired 2003 | 97.6 | % | 2,667,143 | Neiman Marcus, Bloomingdale's, Nordstrom, & Taylor, Macy's, Arden Furniture, Dick's Sporting Goods, Primark |
| Alamo Plaza Mall | TX | McAllen | Fee and Ground Lease (2040) (7) | 100.0 | % | Built 1976 | 98.2 | % | 1,273,019 | Macy's (8), Dillard's, JCPenney |
| Franklin Mall | TX | Cedar Park (Austin) | Fee | 100.0 | % | Built 1995 | 95.2 | % | 1,099,420 | Dillard's (8), Macy's, |

| | | | | | | | | | |
|------------------------------|----|-----------------------|--------------------------------------|-------|---------------------|------|---|-----------|--|
| High Valley Mall | PA | Whitehall | Fee | 50.0 | % Acquired (4) 2003 | 98.3 | % | 1,166,990 | JCPenney, Theatres |
| Lenox Square | GA | Atlanta | Fee | 100.0 | % Acquired 1998 | 96.6 | % | 1,526,475 | Macy's, JCPenney, Boscov's, Barnes & Noble |
| Livingston Mall | NJ | Livingston (New York) | Fee | 100.0 | % Acquired 1998 | 93.7 | % | 968,820 | Neiman Marcus, Bloomingdale, Macy's, JWM, Marriott (15) |
| Mall at Lockingham Park, The | NH | Salem (Boston) | Fee | 28.2 | % Acquired (4) 1999 | 97.7 | % | 1,024,159 | Macy's, Lord & Taylor, Sears, Barnes & Noble |
| Mall at Tuttle Crossing, The | OH | Dublin (Columbus) | Fee | 50.0 | % Acquired (4) 2007 | 95.4 | % | 1,123,248 | JCPenney, Macy's, JWM, Scene 75 (6) |
| Mall of Georgia | GA | Buford (Atlanta) | Fee | 100.0 | % Built 1999 | 98.4 | % | 1,845,186 | Dillard's, Macy's, JCPenney, Dick's Sporting Goods, Barnes & Noble, Havertys Furniture, Regal Cinema, Veeva Maur |
| Mall of New Hampshire, The | NH | Manchester | Fee and Ground Lease (2019-2027) (7) | 56.4 | % Acquired (4) 1999 | 96.7 | % | 798,881 | Macy's, JCPenney, Buy |
| McCain Mall | AR | N. Little Rock | Fee | 100.0 | % Built 1973 | 93.1 | % | 793,630 | Dillard's, JCPenney, Sears, Regal Cinema |
| Meadowood Mall | NV | Reno | Fee | 50.0 | % Acquired (4) 2007 | 98.9 | % | 901,357 | Macy's (8), JCPenney, Dick's Sporting Goods, Cru Fitness (6), Round 1 (6) |
| Menlo Park Mall | NJ | Edison (New York) | Fee | 100.0 | % Acquired 1997 | 96.2 | % | 1,332,132 | Nordstrom, Macy's, Barnes & Noble, A Dine-In The |
| | FL | Miami | Fee | 47.8 | Built 1982 | 97.5 | % | 1,082,486 | |

| | | | | | | | | | | |
|--------------------------|----|----------------------------|-----|-------|----------|---------------|------|---|-----------|---|
| Miami International Mall | | | | | % (4) | | | | | Macy's (8), JCPenney, Kohl's |
| Midland Park Mall | TX | Midland | Fee | 100.0 | % | Built 1980 | 98.8 | % | 635,788 | Dillard's (8), JCPenney, Bealls, Ross |
| Miller Hill Mall | MN | Duluth | Fee | 100.0 | % | Built 1973 | 97.4 | % | 831,511 | JCPenney, Barnes & Noble, DSW, Dick's Sporting Goods, Essentia Health (6) |
| Montgomery Mall | PA | North Wales (Philadelphia) | Fee | 79.4 | % | Acquired 2003 | 86.8 | % | 1,100,773 | Macy's, JCPenney, Sears, Dick's Sporting Goods, Wegmans |
| North East Mall | TX | Hurst (Dallas) | Fee | 100.0 | % | Built 1971 | 99.0 | % | 1,667,833 | Nordstrom, Dillard's, Macy's, JCPenney, Sears, Dick's Sporting Goods, Rave Theatre |
| Northgate | WA | Seattle | Fee | 100.0 | % | Acquired 1987 | 95.6 | % | 1,045,451 | Nordstrom, Macy's (13), JCPenney (13), Barnes & Noble, Bed Bath & Beyond, DS |
| Northshore Mall | MA | Peabody (Boston) | Fee | 56.4 | % (4) | Acquired 1999 | 95.3 | % | 1,385,195 | Nordstrom, JCPenney, Nordstrom, Macy's (8), Barnes & Noble, Shaw's Grocery, The Container Store, Tesla Sales and Service (6), Time Athletic (6) |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name County | State | City (CBSA) Toms River (New York) | Ownership Interest (Expiration if Lease) (3) Fee | Legal Ownership 100.0 | Year Built or % | Acquired Acquired 1998 | Occupancy (5) 91.5 | Total GLA % | 791,125 | Selected La Retailers an Macy's, Bo JCPenney, T Fitness (6), HomeSense Macy's, JCI Dave & Bu AMC Thea Von Maur (C Macy's, JCI United Arti Theatre Macy's, Dil (8), JCPenn AMC Thea Container S JCPenney, Target, Mac Dick's Spor Goods Saks Fifth A Nordstrom, Theatres, A Furniture, L Discovery C AC Hotel b Marriott, Li Fitness (6), Hotel and Restaurant JCPenney, Tiendas Ca Econo, Bes T.J. Maxx, Caribbean C |
|-------------------------|-------|---|--|-----------------------------|-----------------------|------------------------------|-----------------------|----------------|-----------|---|
| nd Square | IL | Orland Park (Chicago) | Fee | 100.0 | % | Acquired 1997 | 98.0 | % | 1,230,171 | |
| ord Valley | PA | Langhorne (Philadelphia) | Fee | 85.5 | % | Acquired 2003 | 94.0 | % | 1,338,569 | |
| n Square | OK | Oklahoma City | Ground Lease (2060) | 94.5 | % | Acquired 2002 | 99.1 | % | 1,083,937 | |
| asant Lane | NH | Nashua | - | — | % | Acquired (12) 2002 | 97.5 | % | 979,427 | |
| ops Plaza | GA | Atlanta | Fee | 100.0 | % | Acquired 1998 | 99.4 | % | 832,175 | |
| a Carolina | PR | Carolina (San Juan) | Fee | 100.0 | % | Acquired 2004 | 85.0 | % | 1,158,555 | |
| n Lake Mall | LA | Lake Charles | | 100.0 | % | Built 1972 | 98.6 | % | 842,640 | |

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| | | | Fee and Ground Lease (2040) (7) | | | | | | | Dillard's, JCPenney, Cinemark T Kohl's, Dic Sporting Go T.J. Maxx/Hom |
|------------------------|----|--------------------------------|---------------------------------------|-------|----------|----------------------|------|---|-----------|--|
| ker Bridge | NJ | Lawrenceville | Fee | 50.0 | % | Acquired (4) 2003 | 96.2 | % | 1,081,469 | Macy's, Lor Taylor, JCP |
| akaway nsquare | NJ | Rockaway (New York) | Fee | 100.0 | % | Acquired 1998 | 95.7 | % | 1,246,313 | Macy's, Lor Taylor, JCP |
| sevelt Field | NY | Garden City (New York) | Fee and Ground Lease (2090) (7) | 100.0 | % | Acquired 1998 | 96.2 | % | 2,372,053 | Sears Bloomingd Nordstrom, JCPenney, Sporting Go AMC Entertainm XSport Fitr Neiman Ma Residence I Marriott (6) |
| s Park Mall | PA | Pittsburgh | Fee | 100.0 | % | Built 1986 | 98.7 | % | 1,236,523 | JCPenney, Nordstrom, Bean, Macy Crate & Ba Macy's, For |
| a Rosa | CA | Santa Rosa | Fee | 100.0 | % | Acquired 1998 | 97.3 | % | 692,087 | |
| os at stnut Hill, | MA | Chestnut Hill (Boston) | Fee | 94.4 | % | Acquired 2002 | 94.1 | % | 470,067 | Bloomingd |
| os at rforfork, The | TX | Fort Worth | Fee | 45.0 | % (4) | Built 2017 | 86.0 | % | 548,426 | Neiman Ma Arhaus Fur AMC Thea Pinstripes |
| os at stals, The | NV | Las Vegas | Fee | 50.0 | % (4) | Acquired 2016 | 97.3 | % | 260,165 | Aria Resort Casino (15) |
| os at uet, The | NY | Nanuet | Fee | 100.0 | % | Redeveloped 2013 | 94.8 | % | 757,928 | Macy's (13) Fairway Ma Regal Cine Hour Fitnes Home (6) |
| os at sion Viejo, | CA | Mission Viejo (Los Angeles) | Fee | 51.0 | % (4) | Built 1979 | 96.7 | % | 1,254,716 | Nordstrom, (8), Forever |
| os at erside, The | NJ | Hackensack (New York) | Fee | 100.0 | % | Acquired 2007 | 95.9 | % | 654,488 | Bloomingd Barnes & N Arhaus Fur AMC Thea |
| th Haven | NY | Lake Grove (New York) | Fee | 25.0 | % (4) | Acquired 1995 | 94.8 | % | 1,302,412 | Macy's (8), JCPenney, |

Dick's Sporting Goods, Barre, VT
Noble, L.L.
Macy's, JC
Sears, Rega
Cinema
Macy's (8),
& Noble, A
Cinemas, D
Sporting G
Target, DS
Macy's, Lo
Taylor, Sea
Nordstrom.
Primark
Macy's, AM
Theatres, D
Buster's,
Restoration
Hardware (1
Time Athle
Life Time
Work/Spor
Homewood
by Hilton,
Neiman Ma
Nordstrom.
Dillard's, B
Dick's Spor
Goods, Cra
Barrel, The
Container S
Reid's Fine
& Wine Ba
(16)
JCPenney,
Marcus Cin
Dick's Spor
Goods, Ro
Macy's, Ta

Macy's, Sea
Buy, T.J. M
More, Dick
Sporting G
Macy's (8),
JCPenney,
Kohl's, Dic
Sporting G
AMC Thea

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|---------------------------|-------|----------------------------|-----------------------------------|----------------|-------------------------|---------------|-----------|
| Johns Town Center | FL | Jacksonville | Lease) (3) Fee | Ownership 50.0 | Acquired Built 2005 (4) | 98.9 % | 1,392,198 |
| Conford Shopping Center | CA | Palo Alto (San Jose) | Ground Lease (2054) | 94.4 | % Acquired (11) 2003 | 99.3 % | 1,341,792 |
| Coneridge Shopping Center | CA | Pleasanton (San Francisco) | Fee | 49.9 | % Acquired (4) 2007 | 98.1 % | 1,300,380 |
| Commit Mall | OH | Akron | Fee | 100.0 | % Built 1965 | 92.9 % | 776,922 |
| Coma Mall | WA | Tacoma (Seattle) | Fee | 100.0 | % Acquired 1987 | 96.8 % | 1,319,607 |
| | IN | Lafayette | Fee | 100.0 | % Built 1973 | 94.7 % | 831,563 |

Selected
Retailers
Uses
Nordstro
Dillard's
Furniture
Sporting
Barnes &
Homewo
Suites by
(15),
Target, A
Furniture
Store, Ro
Staples,
JoAnn F
PetsMar
Neiman
Bloomin
Nordstro
Macy's (C
Crate an
Barrel, T
Contain
Macy's (C
Nordstro
JCPenne
Arhaus
Furniture
Dillard's
Macy's
Nordstro
Macy's,
JCPenne
Dick's S
Goods

| | | | | | | | | | | |
|---------------------------|----|-------------------------------------|---------------------------------------|-------|----------|------------------|------|---|-----------|--|
| pecanoe all | | | | | | | | | | Macy's, JCPenne Kohl's, D Sporting Saks Fift Avenue, Marcus, Bloomin Nordstro Macy's, C Barrel, T Contain Joseph's Market (|
| own Center at ca Raton | FL | Boca Raton (Miami) | Fee | 100.0 | % | Acquired 1998 | 97.1 | % | 1,778,818 | Saks Fift Avenue, Marcus, Bloomin Nordstro Macy's, C Barrel, T Contain Joseph's Market (|
| own Center at bb | GA | Kennesaw (Atlanta) | Fee | 100.0 | % | Acquired 1998 | 97.8 | % | 1,281,739 | Belk, Ma (8), JCP Sears |
| owne East quare | KS | Wichita | Fee | 100.0 | % | Built 1975 | 97.6 | % | 1,145,360 | Dillard's Maur, JC |
| asure Coast quare | FL | Jensen Beach | Fee | 100.0 | % | Built 1987 | 91.6 | % | 851,079 | Macy's, Dillard's JCPenne |
| rone Square | FL | St. Petersburg (Tampa) | Fee | 100.0 | % | Built 1972 | 96.4 | % | 960,215 | Regal Ci Macy's, Dillard's JCPenne DSW, C Luxury Theatres Sporting Lucky's PetSmar |
| iversity Park all | IN | Mishawaka | Fee | 100.0 | % | Built 1979 | 95.9 | % | 918,932 | Macy's, JCPenne Sears, B Noble |
| ult Whitman ops | NY | Huntington Station (New York) | Fee and Ground Lease (2032) (7) | 100.0 | % | Acquired 1998 | 99.3 | % | 1,084,827 | Saks Fift Avenue, Bloomin Lord & T Macy's |
| est Town all | TN | Knoxville | Ground Lease (2042) | 50.0 | % (4) | Acquired 1991 | 99.0 | % | 1,338,790 | Belk (8), Dillard's JCPenne Cinebarr Theatre |
| estchester, e | NY | White Plains (New York) | Fee | 40.0 | % (4) | Acquired 1997 | 93.2 | % | 809,098 | Neiman Nordstro Crate an |
| ite Oaks all | IL | Springfield | Fee | 80.7 | % | Built 1977 | 91.9 | % | 925,504 | Macy's, Sporting |

| | | | | | | | | | | |
|------------------------|----|-------------------------|-----|------|----------|------------------|------|---|------------------|---|
| Wolfchase Galleria | TN | Memphis | Fee | 94.5 | % | Acquired 2002 | 97.5 | % | 1,151,615 | LA Fitness, Michael's, Macy's, Dillard's, JCPenney, Malco Toys, Courtyard Marriott |
| Woodfield Mall | IL | Schaumburg (Chicago) | Fee | 50.0 | % (4) | Acquired 2012 | 98.9 | % | 2,150,333 | Nordstrom, Macy's, Taylor, JCPenney, Sears, Roebuck, Furniture City |
| Woodland Hills Mall | OK | Tulsa | Fee | 94.5 | % | Acquired 2002 | 97.6 | % | 1,091,888 | 257 Macy's, Dillard's, JCPenney, Holiday Inn Express, Courtyard Marriott |
| Capital Mall LA | | | | | | | | | 120,700,674 (17) | |

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|---|-------|------------------------------|--|--------------------|------------------------------|------------------|-----------|---|
| Simon Premium Properties Albertville Simon Premium Properties | MN | Albertville (Minneapolis) | Fee | 100.0 | % Acquired 2004 | 84.8 % | 429,551 | Calvin Klein, Gap Outlet, Kate Spade New York, Lululemon, Michael Kors, Polo Ralph Lauren, Tommy Hilfiger, North Face, Under Armour |
| Premium Properties | TX | Allen (Dallas) | Fee | 100.0 | % Acquired 2004 | 96.5 % | 544,769 | Adidas, Calvin Klein, Coach, Columbia Sportswear, Giorgio Armani, J.Crew, Kate Spade New York, Michael Kors, Nike, Polo Lauren, Staygreen Suites (14), The North Face, Tommy Hilfiger, Tory Burch |
| Aurora Farms Simon Premium Properties | OH | Aurora (Cleveland) | Fee | 100.0 | % Acquired 2004 | 96.5 % | 271,711 | Calvin Klein, Gap Outlet, Kate Spade New York, Michael Kors, Nike, Polo Lauren, Saks Fifth Avenue Off 5th, North Face, Tommy Hilfiger, Under Armour |
| Birch Run Simon Premium Properties | MI | Birch Run (Detroit) | Fee | 100.0 | % Acquired 2010 | 93.8 % | 606,452 | Adidas, Calvin Klein, Coach, J.Crew, Spade New York, Michael Kors, Polo Ralph Lauren, Pottery |

| | | | | | | | | | |
|--------------------------------|----|----------------------------|-----|-------|---|-------------------|------|---|---------|
| Camarillo Premium Units | CA | Camarillo (Los Angeles) | Fee | 100.0 | % | Acquired 2004 | 98.5 | % | 675,510 |
| Carlsbad Premium Units | CA | Carlsbad (San Diego) | Fee | 100.0 | % | Acquired 2004 | 96.1 | % | 289,367 |
| Smithfield Premium Units | NC | Smithfield (Raleigh) | Fee | 100.0 | % | Acquired 2004 | 94.9 | % | 438,822 |
| Charlotte Premium Units | NC | Charlotte | Fee | 50.0 | % | Built 2014 (4) | 98.5 | % | 398,686 |
| Aurora Premium Units | IL | Aurora (Chicago) | Fee | 100.0 | % | Built 2004 | 94.6 | % | 687,362 |
| Monroe Premium Units | OH | Monroe (Cincinnati) | Fee | 100.0 | % | Built 2009 | 97.8 | % | 398,752 |

Barn/Williams
Outlet, Tommy
The North Face
Armour
Adidas, Calvin
Coach, Columbia
Sportswear, Gi
Armani, Kate S
New York, Lu
Michael Kors,
Marcus Last C
Polo Ralph La
Saks Fifth Ave
5th, The North
Tommy Hilfige
Burch, Under A
Adidas, Barney
York Warehouse
Calvin Klein, C
Crate & Barrel
Outlet, Kate Sp
York, Michael
Nike, Polo Ral
Lauren, Tory B
Under Armour
Adidas, Coach
Outlet, J.Crew,
Polo Ralph La
Tommy Hilfige
Armour
Adidas, Coach
Outlet, Guess,
Spade New Yo
Michael Kors,
Saks Fifth Ave
5th, Tommy H
Under Armour
Adidas, Arc'ter
Armani Outlet,
Klein, Coach, C
Sportswear, Ga
J.Crew, Kate S
New York, Mi
Kors, Nike, Po
Lauren, Restor
Hardware, Sak
Avenue Off 5th
Armour, Versa
Adidas, Calvin
Coach, Gap Ou
J.Crew, Kate S

| | | | | | | | | | | |
|----------------------------------|----|-----------------------------------|-----|-------|----------|------------------|------|---|---------|---|
| Clarksburg Premium Units | MD | Clarksburg (Washington, DC) | Fee | 66.0 | % (4) | Built 2016 | 89.5 | % | 390,126 | New York, Michael Kors, Nike, Polo Lauren, Saks Fifth Avenue Off 5th North Face, Tommy Hilfiger, Under Armani Outlet, Armani Exchange, Adidas, Calvin Coach, Eredic Ermenegildo Z Express, Johnn Rockets, Kate New York, Michael Kors, Nike, Polo Lauren, Saks Fifth Avenue Off 5th Salvatore Ferr Thomas Pink, T Hilfiger, Tory Under Armour |
| Clinton Premium Units | CT | Clinton | Fee | 100.0 | % | Acquired 2004 | 97.3 | % | 276,101 | Adidas, Calvin Coach, Gap Out J.Crew, Kate S New York, Michael Kors, Nike, Polo Lauren, Saks Fifth Avenue Off 5th Tommy Hilfiger Armour |
| Thornton Premium Units | CO | Thornton (Denver) | Fee | 100.0 | % | Built 2018 | 82.5 | % | 328,090 | A/X Armani Exchange, Calvin Klein, Calvin Gap Outlet, Kate New York, Michael Kors, Nike, Polo Lauren, Tommy Hilfiger, Tory Under Armour |
| Palm Springs Premium Units | CA | Cabazon (Palm Springs) | Fee | 100.0 | % | Acquired 2004 | 98.0 | % | 655,325 | Vineyard Vines Agent Provocateur Alexander McQueen Armani Outlet, Balenciaga, Bot Veneta, Brioni Brunello Cucinelli Burberry, Coach Ermenegildo Z Fendi, Gucci, J Choo, Loro Piana Jacobs, Moncler Mulberry, Neir |

| | | | | | | | | |
|------------------------|----|-----------------------------|-----|-------|--------------------|------|-----------|--|
| Edinburgh ium ts | IN | Edinburgh (Indianapolis) | Fee | 100.0 | % Acquired 2004 | 97.7 | % 377,979 | Marcus Last C |
| | | | | | | | | Polo Ralph La Prada, Roberto Saint Laurent Saks Fifth Ave 5th, Salvatore Ferragamo, Stu Weitzman, Tor Valentino Adidas, Calvin Coach, Colum Sportswear, Ga Guess, J.Crew, Spade New Yo Michael Kors, Polo Ralph La Tommy Hilfig Armour |

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|--------------------------------|-------|------------------------|--------------------------------------|-------|--------------------|------------------|-----------|--|
| Ellenton Premium Outlets | FL | Ellenton (Tampa) | Lease) (3) Fee | 100.0 | % Acquired 2010 | 96.0 | % 476,884 | Adidas, Ca Klein, Coa J.Crew, Ka Spade New York, Mich Kors, Nike Polo Ralph Lauren, Sa Fifth Aven Off 5th, U Armour |
| Folsom Premium Outlets | CA | Folsom (Sacramento) | Fee | 100.0 | % Acquired 2004 | 95.0 | % 297,548 | Adidas, Ba Republic, Calvin Kle Coach, Ga Outlet, Kat Spade New York, Mich Kors, Nike Tommy Hilfiger, U Armour |
| Gilroy Premium Outlets | CA | Gilroy (San Jose) | Fee | 100.0 | % Acquired 2004 | 88.3 | % 578,222 | Adidas, Ca Klein, Coa Columbia Sportswear J.Crew, Ka Spade New York, Lululemon Michael K Nike, Polo Ralph Lau Saks Fifth Avenue O The North |

| | | | | | | | | | | |
|-------------------------------------|----|-----------------------------|-----|-------|---|-------------------|------|---|---------|--|
| Blackwood Premium Outlets | NJ | Blackwood (Philadelphia) | Fee | 50.0 | % | Built 2015 (4) | 86.9 | % | 369,686 | Tommy Hilfiger Adidas, Ba Republic, Brooks Brothers, Calvin Kle Columbia Sportswear Gap Outlet Guess, Lev Crew, Loft Outlet, Mic Kors, Nike Polo Ralph Lauren, Skechers, Tommy Hilfiger, U Armour Banana Republic, Bloomingco The Outlet Store, Calv Klein, Coac Columbia Sportswear Kate Spade New York J.Crew, Michael K Nike, Saks Avenue Of Tommy Bahama, Tommy Hilfiger, U Armour Adidas, Ar Taylor, Ba Republic, Brooks Brothers, Calvin Kle Coach, Ga Outlet, Gu J.Crew, Ka Spade New York, Mich Kors, Nike |
| Grand Prairie Premium Outlets | TX | Grand Prairie (Dallas) | Fee | 100.0 | % | Built 2012 | 92.9 | % | 416,322 | |
| Grove City Premium Outlets | PA | Grove City (Pittsburgh) | Fee | 100.0 | % | Acquired 2010 | 93.9 | % | 530,771 | |

| | | | | | | | | | | |
|----------------------------|----|------------------------|---------------------|-------|---|---------------|------|---|---------|---|
| Gulfport premium outlets | MS | Gulfport | Ground Lease (2059) | 100.0 | % | Acquired 2010 | 94.2 | % | 300,033 | Polo Ralph Lauren, The North Face, Tommy Hilfiger, U Armour, Banana Republic, Chico's, Co Gap Outlet, H&M, J.C. Kate Spade New York, Michael K Nike, Polo Ralph Lauren, Tommy Hilfiger, U Armour, Adidas, American Outfitters, Banana Republic, Brooks Brothers, Calvin Klein, Coach, Columbia Sportswear, Gap Outlet, Guess, J.C. Kate Spade New York, Outlet, New Balance, The North Tommy Hilfiger, U Armour, Ann Taylor, A/X Arma Exchange, Banana Republic, Brooks Brothers, Burberry, Calvin Klein, Coach, Fur Gap Outlet |
| Hagerstown premium outlets | MD | Hagerstown (Baltimore/ | Fee | 100.0 | % | Acquired 2010 | 87.3 | % | 485,161 | |
| Houston premium outlets | TX | Cypress (Houston) | Fee | 100.0 | % | Built 2008 | 99.6 | % | 542,077 | |

| | | | | | | | | | | |
|-----------------------------------|----|----------------------------|-----|-------|---|------------------|------|---|---------|---|
| Jackson premium outlets | NJ | Jackson (New York) | Fee | 100.0 | % | Acquired 2004 | 97.0 | % | 285,696 | Giorgio Armani, Holiday Inn Express (1 Kate Spade New York Lululemon Michael K Nike, Polo Ralph Lau Saks Fifth Avenue O Tommy Hilfiger, T Burch Adidas, American Outfitters, Taylor, Ba Republic, Brooks Brothers, Calvin Kle Coach, Ga Outlet, J.C Loft Outle Kate Spade New York Michael K Nike, Polo Ralph Lau Tommy Hilfiger, U |
| | | | | | | | | | | Armour Adidas, Ar Taylor, Ba Republic, Burberry, Brooks Brothers, Calvin Kle Coach, Columbia Sportswear J.Crew, Ka Spade New York, Mich Kors, Nike Polo Ralph Lauren, To Hilfiger, U |
| ersey Shore premium outlets | NJ | Tinton Falls (New York) | Fee | 100.0 | % | Built 2008 | 96.6 | % | 434,428 | |

| | | | | | | | | | | |
|-------------------------------------|----|---------------|------------------------------------|-------|---|------------------|------|---|---------|---|
| Johnson Creek premium outlets | WI | Johnson Creek | Fee | 100.0 | % | Acquired 2004 | 92.1 | % | 277,672 | Armour Adidas, Ba Republic, Calvin Kle Gap Outle Loft Outle Nike, Polo Ralph Lau Tommy Hilfiger, U Armour Ann Taylo Banana Republic, Calvin Kle Coach, Columbia Sportswear Gap Outle J.Crew, Ka Spade New York, Nike Polo Ralph Lauren, Swarovski Tommy Hilfiger Adidas, Ba Republic, Calvin Kle Coach, Columbia Sportswear Gap Outle Giorgio Armani, G Kate Spade New York Lacoste, Michael K Nike, Polo Ralph Lau The North Tommy Hilfiger, U Armour |
| Kittery premium outlets | ME | Kittery | Fee and Ground Lease (2049) (7) | 100.0 | % | Acquired 2004 | 86.5 | % | 259,221 | |
| Las Americas premium outlets | CA | San Diego | Fee | 100.0 | % | Acquired 2007 | 97.2 | % | 554,107 | |

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|---------------------------------------|-------|-------------|--------------------------------------|--------------------|------------------------|------------------|-----------|---|
| Las Vegas North Premium Outlets | NV | Las Vegas | Lease) (3) Fee | Ownership 100.0 | Acquired Built 2003 | 99.4 | % 676,324 | All Saints, A Outlet, A/X Armani Exch Banana Rep Burberry, Ca CH Carolina Herrera, Cheesecake Factory, Coa David Yurm Dolce & Gal Etro, Jimmy John Varvat Lululemon, Spade New Marc Jacobs Neiman Mar Last Call, M Kors, Nike, Ralph Laure Roberto Cav Saks Fifth A Off 5th, Salv Ferragamo, Shack, Tory Adidas, Ann Taylor, Ban Republic, Br Brothers, Ca Klein, Coach Columbia Sportswear, Outlet, Gues Kate Spade York, Micha Kors, Nike, |
| Las Vegas South Premium Outlets | NV | Las Vegas | Fee | 100.0 | % Acquired 2004 | 98.7 | % 535,661 | |

| | | | | | | | | | | |
|--|----|-----------------------------------|-----|-------|---|------------------|------|---|---------|--|
| Free Premium Outlets | MA | Lee | Fee | 100.0 | % | Acquired 2010 | 93.8 | % | 224,846 | Ralph Lauren, Tommy Hilf, Under Armou Ann Taylor, Banana Rep Brooks Brot Calvin Klein Coach, J.Crew Loft Outlet, Michael Kor Nike, Polo R Lauren, Ske Tommy Hilf Under Armou |
| Leesburg Corner Premium Outlets | VA | Leesburg (Washington, DC) | Fee | 100.0 | % | Acquired 2004 | 98.9 | % | 478,225 | Adidas, Ann Taylor, Arm Outlet, A/X Armani Exc Brooks Brot Burberry, C Kate Spade York, Lulule Michael Kor Nike, Polo R Lauren, Restoration Hardware, T Burch, Unde Armour, Vir Vines, Williams-So |
| Highhouse Face Premium Outlets | IN | Michigan City (Chicago, IL) | Fee | 100.0 | % | Acquired 2004 | 86.3 | % | 454,782 | Adidas, Ann Taylor, Ban Republic, C Klein, Coach Outlet, Gues J.Crew, Kate Spade New Michael Kor Nike, Polo R Lauren, The Face, Tomm Hilfiger, Un |
| Merrimack Premium Outlets | NH | Merrimack | Fee | 100.0 | % | Built 2012 | 98.9 | % | 408,902 | Armour Ann Taylor, Banana Rep Barbour, Bloomingda The Outlet S Brooks Brot Calvin Klein |

| | | | | | | | | | | |
|-------------------------------|----|-----------------------|-----|-------|---|----------------|------|---|---------|---|
| | | | | | | | | | | Coach, J.Crew, Kate Spade New York, Michael Kors, Nike, Ralph Lauren, Saks Fifth Avenue, Off 5th, Tommy Hilfiger, Tory Burch, Under Armour, Vineyard Vines |
| Napa Premium Outlets | CA | Napa | Fee | 100.0 | % | Acquired 2004 | 94.0 | % | 179,354 | Adidas, Banana Republic, Brooks Brothers, Calvin Klein, Coach Outlet, J.Crew, Michael Kors, Nike, Polo Ralph Lauren, Tommy Hilfiger |
| Norfolk Premium Outlets | VA | Norfolk | Fee | 65.0 | % | Built 2017 (4) | 87.8 | % | 332,086 | A/X Armani Exchange, Banana Republic, Calvin Klein, Coach Outlet, Columbia Sportswear, H&M, Kate Spade New York, Michael Kors, Nike, Ralph Lauren, North Face, Tommy Hilfiger, Tory Burch, Under Armour |
| North Bend Premium Outlets | WA | North Bend (Seattle) | Fee | 100.0 | % | Acquired 2004 | 93.6 | % | 223,560 | Banana Republic, Coach, Gap Outlet, Levi's, Michael Kors, Nike, Skechers, Under Armour |
| North Georgia Premium Outlets | GA | Dawsonville (Atlanta) | Fee | 100.0 | % | Acquired 2004 | 91.6 | % | 540,721 | Ann Taylor, Armani Outlet, Banana Republic, Brooks Brothers, Burberry, Calvin Klein, Coach Outlet, Columbia Sportswear, J.Crew, Kate Spade New York |

| | | | | | | | | | | |
|---------------------------------------|----|---------|-----|-------|---|---------------|------|---|---------|---|
| Orlando International Premium Outlets | FL | Orlando | Fee | 100.0 | % | Acquired 2010 | 97.8 | % | 773,823 | Lululemon, Michael Kors, Nike, Polo Ralph Lauren, Pottery Barn, Saks Fifth Avenue, Off Broadway, The North Face, Tommy Hilf, Tory Burch, Williams-Sonoma, Adidas, Arm & Hammer, Outlet, Calvin Klein, Coach, Invicta, Gant, Havaianas, H&M, J.Crew, Karl Lagerfeld, Kate Spade New York, Michael Kors, Nike, Pottery Barn, Polo Ralph Lauren, Saks Fifth Avenue, Off Broadway, The North Face, Tommy Hilf, Tory Burch, Under Armour |
| Orlando International Premium Outlets | FL | Orlando | Fee | 100.0 | % | Acquired 2004 | 99.6 | % | 656,895 | Adidas, Allstate, Armani Outlets, Bally, Bottega Veneta, Brunello Cucinelli, Burberry, Calvin Klein, Carolina Herrera, Coach, Ermenegildo Zegna, Jimmy Choo, John Varvatos, Kate Spade New York, Lacoste, Lululemon, Michael Kors, Nike, Prada, Ralph Lauren, Roberto Cavalli, Saks Fifth Avenue, Off 5th, Salvatore Ferragamo, The Gap, Heuer, The North Face, Tod's, |

| | | | | | | | | | |
|----------------------------------|----|--------------------------|-----|-------|-----------------|------|---|---------|--|
| Petaluma Village Premium Outlets | CA | Petaluma (San Francisco) | Fee | 100.0 | % Acquired 2004 | 97.6 | % | 201,704 | Tommy Hilf, Tory Burch, Under Armour, Adidas, Ann Taylor, Banana Republic, Brooks Brothers, Coach, Gap Outlet, Spade New York, Michael Kors, Nike, Saks Fifth Avenue, Off Broadway, Tommy Hilf |
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| Philadelphia Premium Outlets | PA | Limerick (Philadelphia) | Lease) (3) Fee | Ownership 100.0 | % Acquired Built 2007 | (5) 92.8 | % 549,153 | Adidas, Apple, American Republic, Brooks Brothers, Coach, Klein, Coach, Gap Outlet, Guess, J.C. Loft Outlet, Michael Kors, Nike, Polo, Ralph Lauren, Restoration Hardware, North Face, Tommy Hilfiger, T. Burch, Under Armour |
| Phoenix Premium Outlets | AZ | Chandler (Phoenix) | Ground Lease (2077) | 100.0 | % Built 2013 | 94.2 | % 356,504 | Adidas, Apple, American Republic, Brooks Brothers, Coach, Columbia Sportswear, Gap Factory Store, Guess, Kate Spade, New York, Michael Kors, Nike, Saks, Avenue Q, Tommy Bahama, Tommy |

| | | | | | | | | | |
|--------------------------------------|----|--|-----|-------|---|---------------|------|---|---------|
| Pismo Beach Premium Outlets | CA | Pismo Beach | Fee | 100.0 | % | Acquired 2010 | 98.0 | % | 147,430 |
| Pleasant Prairie Premium Outlets | WI | Pleasant Prairie (Chicago, IL/Milwaukee) | Fee | 100.0 | % | Acquired 2010 | 97.3 | % | 402,613 |
| San Juan Puerto Rico Premium Outlets | PR | Barceloneta | Fee | 100.0 | % | Acquired 2010 | 86.2 | % | 350,047 |
| Queenstown Premium Outlets | MD | Queenstown (Baltimore) | Fee | 100.0 | % | Acquired 2010 | 96.6 | % | 289,594 |

Hilfiger, U
 Armour
 Calvin Kle
 Coach, Gu
 Levi's, Nil
 Polo Ralp
 Lauren,
 Skechers,
 Tommy
 Hilfiger, V
 Heusen
 Adidas, A
 Taylor, Ba
 Republic,
 Calvin Kle
 Coach, Ga
 Outlet, Ka
 Spade Nev
 York, J.Cr
 Lacoste, L
 Outlet, Mi
 Kors, Nike
 Polo Ralp
 Lauren, St
 John, The
 Face, Tom
 Hilfiger, U
 Armour
 Adidas, A
 Taylor, Ca
 Klein, Dis
 Store Outl
 Gap Outle
 Lacoste, L
 Outlet, Mi
 Kors, Nike
 Polo Ralp
 Lauren, Pu
 Tommy H
 Adidas, Ba
 Republic,
 Brooks
 Brothers, C
 Klein, Coa
 Columbia
 Sportswear
 Gap Outle
 J.Crew, Ka
 Spade Nev
 York, Lof
 Outlet, Mi

| | | | | | | | | | | |
|---|----|------------------------------|------------------------------------|-------|---|------------|------|---|---------|-------------|
| o Grande alley premium outlets | TX | Mercedes (McAllen) | Fee | 100.0 | % | Built 2006 | 90.1 | % | 603,929 | Kors, Nike |
| | | | | | | | | | | Polo Ralph |
| | | | | | | | | | | Lauren, St |
| | | | | | | | | | | John, Tom |
| | | | | | | | | | | Bahama, U |
| | | | | | | | | | | Armour |
| | | | | | | | | | | Adidas, A |
| | | | | | | | | | | Taylor, Ar |
| | | | | | | | | | | Outlet, A/ |
| | | | | | | | | | | Armani |
| ound Rock premium outlets | TX | Round Rock (Austin) | Fee | 100.0 | % | Built 2006 | 97.2 | % | 488,698 | Exchange, |
| | | | | | | | | | | Banana |
| | | | | | | | | | | Republic, |
| | | | | | | | | | | Calvin Kle |
| | | | | | | | | | | Coach, Ga |
| | | | | | | | | | | Outlet, H& |
| | | | | | | | | | | Kate Spad |
| | | | | | | | | | | New York |
| | | | | | | | | | | Levi's, Lo |
| | | | | | | | | | | Outlet, Mi |
| an Francisco premium outlets | CA | Livermore (San Francisco) | Fee and Ground Lease (2021) (9) | 100.0 | % | Built 2012 | 97.5 | % | 696,886 | Kors, Nike |
| | | | | | | | | | | Polo Ralph |
| | | | | | | | | | | Lauren, To |
| | | | | | | | | | | Hilfiger, U |
| | | | | | | | | | | Armour |
| | | | | | | | | | | All Saints, |
| | | | | | | | | | | Armani |
| | | | | | | | | | | Exchange, |
| | | | | | | | | | | Bloomings |
| | | | | | | | | | | The Outle |

| | | | | | | | | | |
|----------------------------------|----|---------------------------------------|-----|-------|---|------------------|------|---|---------|
| San Marcos Premium outlets | TX | San Marcos (Austin/San Antonio) | Fee | 100.0 | % | Acquired 2010 | 96.6 | % | 730,847 |
|----------------------------------|----|---------------------------------------|-----|-------|---|------------------|------|---|---------|

Carolina
Herrera, C
Ermenegil
Zegna, Etr
Furla, Gucc
H&M, Jim
Choo, Joh
Varvatos,
Spade Nev
York, Lac
Longcham
MaxMara,
Michael K
Nike, Pol
Ralph Lau
Prada, Rog
Vivier, Sai
Fifth Aven
Off 5th,
Salvatore
Ferragamo
North Fac
Tod's, Tor
Burch, Un
Armour,
Versace, Z
et Voltaire
Armani O
Banana
Republic,
Burberry,
Carolina
Herrera, D
Von
Furstenber
Etro, Gucc
Crew, Jim
Choo, Joh
Rockets, K
Spade Nev
York, Lac
Lululemon
Neiman M
Last Call,
Michael K
Pandora, F
Ralph Lau
Pottery Ba
Prada,
Restoratio
Hardware,

| | | | | | | | | | | |
|------------------------------|----|-------------------|---------------------|-------|---|-------------------|------|---|---------|--|
| Seattle Premium Outlets | WA | Tulalip (Seattle) | Ground Lease (2079) | 100.0 | % | Built 2005 | 98.7 | % | 554,831 | Fifth Avenue, Off 5th, Salvatore Ferragamo, North Face, Tommy Bahama, T Burch, Vineyard Vines, Adidas, A Taylor, Arc'teryx, Armani On Banana Republic, Burberry, Calvin Kle Coach, Columbia Sportswear, Kate Spade New York, Lululemon, Michael Kors, Nike, Polo Ralph Lauren, St. John, T North Face, Tommy Bahama, Tommy Hilfiger, T Burch, Un |
| | | | | | | | | | | Armour |
| Silver Sands Premium Outlets | FL | Destin | Fee | 50.0 | % | Acquired (4) 2012 | 91.8 | % | 450,954 | Adidas, A Taylor, Ba Republic, Brooks Brothers, Coach, Columbia Sportswear, J.Crew, K Spade New York, Mic Kors, Nike Polo Ralph Lauren, Sa Fifth Avenue, Off 5th, T North Face |
| | | | | | | | | | | |

| | | | | | | | | | |
|-------------------------------------|----|---------------------------------|-----|-------|---|------------------|------|---|---------|
| St. Augustine Premium outlets | FL | St. Augustine (Jacksonville) | Fee | 100.0 | % | Acquired 2004 | 96.9 | % | 327,691 |
|-------------------------------------|----|---------------------------------|-----|-------|---|------------------|------|---|---------|

Tommy
Hilfiger, U
Armour
Adidas, A
Taylor, Ba
Republic,
Brooks
Brothers, C
Klein, Coa
Gap
Outlet, J.C
Kate Spad
New York
Nike, Polo
Ralph Lau
Tommy
Hilfiger, U
Armour

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if Lease) (3) | Legal Ownership | Year Built Or Acquired | Occupancy (5) | Total GLA | Selected Tenants |
|--------------------------|-------|-----------------------------|--|--------------------|------------------------------|------------------|-----------|---|
| Louis Premium Outlets | MO | St. Louis (Chesterfield) | Fee | 60.0 | % Built 2013 (4) | 95.6 | % 351,497 | Adidas, A Taylor, E Brothers. Coach, C Outlet, J. Kate Spa New Yor Levi's, M Kors, Nil Saks Fift Avenue C Tommy Hilfiger, Under A |
| Tampa Premium Outlets | FL | Lutz (Tampa) | Fee | 100.0 | % Built 2015 | 100.0 | % 459,485 | Adidas, A Outlet, B Republic Restaura Brewhou Brooks Brothers. Calvin K Coach, Columbi Sportsw Gap Outl Crew, Lu Brand, M Kors, Nil Polo Ral Lauren, I Saks 5th Avenue C Tommy Hilfiger, Under A |

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| | | | | | | | | | |
|----------------------------------|----|-----------------------|------------------------------------|-------|---------------------|------|---|---------|--|
| nger Outlets - Columbus (1) | OH | Sunbury (Columbus) | Fee | 50.0 | % Built 2016 (4) | 94.1 | % | 355,255 | Banana Republic Brooks Brothers, Coach, K Spade Ne York, Ni Polo Ral Lauren, U Armour |
| nger Outlets - veston/Houston | TX | Texas City | Fee | 50.0 | % Built 2012 (4) | 95.2 | % | 352,705 | Banana Republic Brooks Brothers, Coach, C Outlet, J Kate Spa New Yor Michael Nike, To Hilfiger |
| e Crossings mium Outlets | PA | Tannersville | Fee and Ground Lease (2019) (7) | 100.0 | % Acquired 2004 | 98.9 | % | 411,747 | Adidas, A Taylor, E Republic Brooks Brothers, Calvin K Coach, J Johnny Rockets, Spade Ne York, Lo Outlet, M Kors, Nil Polo Ral Lauren, T North Fa Tommy Hilfiger, Armour |
| eson Premium lets | AZ | Marana (Tucson) | Fee | 100.0 | % Built 2015 | 91.3 | % | 363,437 | Adidas, I Republic Brooks Brothers, Calvin K Coach, F 21, Gap Godiva, G J. Crew, Rockets, Michael |

| | | | | | | | | |
|----------------------------|----|-----------------------|-----|-------|---------------------|------|-----------|--|
| in Cities mium Outlets | MN | Eagan | Fee | 35.0 | % Built 2014 (4) | 97.2 | % 408,930 | Nike, Po Ralph La Saks 5th Avenue C Skechers Tommy, Hilfiger, Armour Adidas, A Taylor, A Outlet, B Republic Brooks Brothers, Calvin K Coach, C Outlet, J. Kate Spa New Yor Michael Nike, Po Ralph La Robert G Saks Fift Avenue C Talbots, Armour Adidas, A Taylor, E Republic Calvin K Coach, Columbi Sportswe Gap Outl J.Crew, I Spade Ne York, La Michael Nike, Po Ralph La Skechers North Fa Tommy Hilfiger, Armour Adidas, A Saints, A Outlet, B Republic Barney's |
| vacaville Premium tlets | CA | Vacaville | Fee | 100.0 | % Acquired 2004 | 95.4 | % 440,263 | |
| ikele Premium tlets | HI | Waipahu (Honolulu) | Fee | 100.0 | % Acquired 2004 | 98.7 | % 219,289 | |

| | | | | | | | | | |
|------------------------|----|----------|-----|-------|---|------------------|------|---|---------|
| terloo Premium lets | NY | Waterloo | Fee | 100.0 | % | Acquired 2004 | 92.4 | % | 421,200 |
|------------------------|----|----------|-----|-------|---|------------------|------|---|---------|

| | | | | | | | | | |
|------------------------------|----|--------------|-----|-------|---|------------------|------|---|---------|
| Williamsburg mium Outlets | VA | Williamsburg | Fee | 100.0 | % | Acquired 2010 | 96.2 | % | 522,450 |
|------------------------------|----|--------------|-----|-------|---|------------------|------|---|---------|

York, Ca
Klein, Co
Furla, Ka
Spade Ne
York, Mi
Kors, Po
Ralph La
Saks Fift
Avenue C
Swarovsk
Tommy
Hilfiger,
Burch
American
Outfitter:
Taylor, E
Republic
Brooks
Brothers,
Calvin K
Chico's,
Columbi
Sportsw
Gap Outl
H&M, J.
Levi's, L
Outlet, M
Kors, Nil
Polo Ralp
Lauren,
Skechers
Tommy
Hilfiger,
Armour
Adidas,
American
Outfitter:
Taylor, E
Republic
Brooks
Brothers,
Burberry
Calvin K
Coach, J.
Kate Spa
New Yor
Levi's, L
Outlet, M
Kors, Ne
Balance,
Pandora,

| | | | | | | | |
|---------------------------------|----|---------------------------|-----|-------|-----------------|------|-----------|
| Woodburn Premium Outlets | OR | Woodburn (Portland) | Fee | 100.0 | % Acquired 2013 | 99.2 | % 389,821 |
| Woodbury Common Premium Outlets | NY | Central Valley (New York) | Fee | 100.0 | % Acquired 2004 | 96.7 | % 899,088 |

Ralph La
The Nort
Timberla
Tommy
Bahama,
Tommy,
Hilfiger,
Armour
Adidas, A
Taylor, E
Republic
Calvin K
Coach, C
Outlet, J.
Levi's, M
Kors, Nil
North Fa
Polo Ra
Lauren, T
Hilfiger,
Burch, U
Armour
Arc'teryx
Armani C
Balencia
Bottega V
Breitling
Brioni, B
Cucinelli
Burberry
Canali, C
Chloe, C
Dior, Do
Gabbana
Dunhill,
Givenchy
Golden C
Gucci, Ji
Choo, La
Le Pain
Quotidie
Loewe,
Longcha
Loro Pia
Marc Jac
Michael
Moncler,
Mulberry
Oscar de
Renta, P
Ralph La

Prada, Sa
Laurent,
Fifth Ave
Off 5th,
Salvatore
Ferragam
Shake Sh
Stuart
Weitzma
Theory, 7
Tom For
Burch,
Valentin
Versace,
Sushi, Ze

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if | Legal | Year Built Or | Occupancy (5) | Total GLA | Selected Tenants |
|---|-------|----------------------|--------------------------------------|--------------------|--------------------------------|------------------|------------|--|
| Wrentham Village Premium Outlets | MA | Wrentham (Boston) | Lease) (3) Fee | Ownership 100.0 | Acquired % Acquired 2004 | 97.1 % | 660,186 | Adidas, All Saints, Ann Taylor, Arm Outlet, Ban Republic, Bloomingda The Outlet Store, Brool Brothers, Burberry, Calvin Klei Coach, Dav Yurman, J.Crew, Kar Lagerfeld, K Spade New York, Lacos Lululemon, Michael Ko Nike, Polo Ralph Laure Puma, Restoration Hardware, Robert Grah Saks Fifth Avenue Off Salvatore Ferragamo, Theory, Tor Hilfiger, To Burch, Und Armour, Vineyard V |
| Total U.S. Premium | | | | | | | 30,467,844 | |

Outlets GLA

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if Lease) (3) | Legal Ownership | Year Built or Acquired | Occupancy (5) | Total GLA | Selected T |
|---------------|-------|------------------------|--|--------------------|------------------------------|---------------|-------------|---|
| ona Mills | AZ | Tempe (Phoenix) | Fee | 100.0 | % Acquired 2007 | 94.5 | % 1,236,915 | Marshalls, Burlington Factory, R Harkins C IMAX, Se Center, Co Legoland, 21, Rainfo |
| del Mills | MD | Hanover (Baltimore) | Fee | 59.3 | % Acquired (4) 2007 | 99.9 | % 1,930,820 | Bass Pro S Outdoor W Bed Bath & Beyond, B Burlington Factory, D Buster's, M Times, Mo Saks Fifth Off 5th, O Broadway Warehouse Maxx, Cin Egyptian 2 Theatres, M Live! Casi Forever 21 Hotel (14) |
| rado Mills | CO | Lakewood (Denver) | Fee | 37.5 | % Acquired (4) 2007 | 89.0 | % 1,414,037 | Forever 21 Jumpstreet Broadway Warehouse Fifth Aven 5th, Super United Art Theatre, B Coat Facto |

| | | | | | | | | |
|-----------------|----|------------------------|------------------------------------|-------|------------------------|------|---|-----------|
| Concord Mills | NC | Concord (Charlotte) | Fee | 59.3 | % Acquired (4) 2007 | 99.5 | % | 1,362,404 |
| Grapevine | TX | Grapevine (Dallas) | Fee | 59.3 | % Acquired (4) 2007 | 99.3 | % | 1,781,628 |
| Fieldhouse Mall | CA | Milpitas (San Jose) | Fee and Ground Lease (2049) (7) | 100.0 | % Acquired 2007 | 99.5 | % | 1,365,957 |
| Lee Mills | IL | Gurnee (Chicago) | Fee | 100.0 | % Acquired 2007 | 83.5 | % | 1,936,699 |

H&M, Dick's Sporting Goods, Bass Pro Shops, Outdoor World, Burlington, Factory, Dillard's, Buster's, Neiman Marcus, Factory Store, Maxx, Off Broadway, Bed Bath & Beyond, Anthropologie, Theatres, Life Center, Burlington, Factory, M&M's, Saks Fifth Avenue, Off 5th, Anthropologie, Theatres, Ski Sports, Marcus & Milner, Bass Pro Shops, Outdoor World, Legoland, Discovery, Sea Life, Ross, H&M, Round 1, Entertainment, Fieldhouse, Rainforest, Neiman Marcus, Last Call, USA, Kohl's, & Buster's, Burlington, Factory, M&M's, Saks Fifth Avenue, Off 5th, Neiman Marcus, Factory Store, Century 21, Bed Bath & Beyond, Dick's Sporting Goods, Bass Pro Shops, Outdoor World, Bed Bath & Beyond/Bur, Baby, Burlington, Coat Factory

| | | | | | | | | |
|-----------------------|----|------------------------|-----|-------|-------------------------------|------|---|-----------|
| Mills | TX | Katy (Houston) | Fee | 62.5 | % Acquired (4) 2007 (2) | 97.3 | % | 1,788,216 |
| at Jersey ens, The | NJ | Elizabeth | Fee | 100.0 | % Acquired 2015 | 99.8 | % | 1,303,423 |
| rio Mills | CA | Ontario (Riverside) | Fee | 50.0 | % Acquired (4) 2007 | 98.8 | % | 1,421,108 |

| | | | | | | | | | | |
|------------------|----|-----------------------------------|-----|-------|---|------------------|-------|---|-----------|---|
| | | | | | | | | | | Buster's, C USA, Sam Music, AM Theatres, I 21, Uniqlo Restoration Hardware Skechers Superstore Rainforest Aki-Home Regal Cine IMAX, Da Buster's, S Ski, Bass I Shops Out World, Be Beyond, S Avenue O Madame T Rainforest Aquarium Restaurant Dave & B Vans Skate Lucky Stri Lanes, Sak Avenue O AMC Thea Neiman M Last Call, Nordstrom Blooming Outlet Stor Marshalls, Maxx, JCB Burlington Factory, N Rack, Saks Avenue O Outlet, Co Warehouse Theatres, Blooming Outlet, Bu Baby/and Bed Bath & Beyond, BrandsMa Burlington Factory, M |
| Mills | TN | Nashville | Fee | 100.0 | % | Acquired 2007 | 99.8 | % | 1,168,641 | |
| ts at ge, The | CA | Orange (Los Angeles) | Fee | 100.0 | % | Acquired 2007 | 100.0 | % | 866,972 | |
| mac Mills | VA | Woodbridge (Washington, DC) | Fee | 100.0 | % | Acquired 2007 | 99.1 | % | 1,540,304 | |
| grass Mills | FL | Sunrise (Miami) | Fee | 100.0 | % | Acquired 2007 | 99.2 | % | 2,273,898 | |

Neiman M
Last Call,
Nordstrom
Saks Fifth
Off 5th, S
Target, T.J
Regal Cine
Blooming
Outlet, Ce
Departmen
Dick's Spo
Goods, Pri
(6), AC Ho
Marriott (6

Mills
erties GLA

21,391,022

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

| Property Name | State | City (CBSA) | Ownership Interest (Expiration if Lease) (3) | Legal Ownership | Year Built or Acquired | Occupancy (5) | Total GLA | Sele Tenn |
|---------------------------------|-------|-------------------------------|--|--------------------|------------------------------|---------------|-----------|---|
| Westyle Centers BQ Uptown | NM | Albuquerque | Fee | 100.0 | % Acquired 2011 | 98.7 | % 230,061 | Anth App Bar JCP Dick Goo Mar & B DSV Han IMA Fare Dill JCP Targ The Jon Mar Mar Dav Bus Sky Anth App Bar |
| Milton Town Center | IN | Noblesville (Indianapolis) | Fee | 50.0 | % Built 2008 (4) | 93.4 | % 672,905 | |
| er Park | FL | Panama City Beach | Fee | 65.6 | % Built 2008 (4) | 96.7 | % 932,721 | |
| iversity Park llage | TX | Fort Worth | Fee | 100.0 | % Acquired 2015 | 99.3 | % 169,842 | |
| ital Lifestyle Centers GLA | | | | | | | 2,005,529 | |
| her Properties | | | | | | | 3,645,297 | |

| | | |
|----------------------------|------------------|----------------|
| her properties MLP | Acquired 2007 | 2,913,687 |
| tal Other LA | | 6,558,984 (17) |
| tal U.S. properties GLA | | 181,124,053 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

U.S. Properties

FOOTNOTES:

- (1) This property is managed by a third party.
- (2) Our direct and indirect interests in some of the properties held as joint venture interests are subject to preferences on distributions in favor of other partners or us.
- (3) The date listed is the expiration date of the last renewal option available to the operating entity under the ground lease. In a majority of the ground leases, we have a right to purchase the lessor's interest under an option, right of first refusal or other provision. Unless otherwise indicated, each ground lease listed in this column covers at least 50% of its respective property.
- (4) Joint venture properties accounted for under the equity method.
- (5) Malls - Executed leases for all company-owned GLA in mall stores, excluding majors and anchors. Premium Outlets and The Mills - Executed leases for all company-owned GLA (or total center GLA).
- (6) Indicates box, anchor, major or project currently under development/construction or has announced plans for development.
- (7) Indicates ground lease covers less than 50% of the acreage of this property.
- (8) Tenant has multiple locations at this center.
- (9) Indicates ground lease covers outparcel only.
- (10) Tenant has an existing store at this center but will move to a new location.
- (11) We receive substantially all the economic benefit of the property due to a preference or advance.
- (12) We own a mortgage note that encumbers Pheasant Lane Mall that entitles us to 100% of the economics of this property.
- (13) Indicates anchor has announced its intent to close this location.
- (14) Indicates box, anchor, major or project currently under development/construction by a third party.
- (15) Owned by a third party.
- (16) Includes multi-family tenant on-site.
- (17) GLA includes office space. Centers with more than 75,000 square feet of office space are listed below:

Auburn Mall - 85,619 sq. ft.
Circle Centre - 130,635 sq. ft.
Copley Place - 893,670 sq. ft.
Domain, The - 156,240 sq. ft.
Fashion Centre at Pentagon City, The - 169,089 sq. ft.
Oxford Valley Mall - 137,791 sq. ft.
Shops at Clearfork, The - 142,684 sq. ft.

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United States Lease Expirations

The following table summarizes lease expiration data for our U.S. malls and Premium Outlets, including Puerto Rico, as of December 31, 2018. The data presented does not consider the impact of renewal options that may be contained in leases.

U.S. MALLS AND PREMIUM OUTLETS LEASE EXPIRATIONS (1)

| Year | Number of Leases Expiring | Square Feet | Avg. Base Minimum Rent PSF at 12/31/18 | Percentage of Gross Annual Rental Revenues (2) | |
|---|------------------------------|-------------|--|--|---|
| Inline Stores and Freestanding | | | | | |
| Month to Month Leases | 530 | 1,407,824 | \$ 61.88 | 1.6 | % |
| 2019 | 2,413 | 8,503,453 | \$ 51.65 | 7.7 | % |
| 2020 | 2,368 | 8,085,250 | \$ 50.87 | 7.2 | % |
| 2021 | 2,125 | 8,109,158 | \$ 49.99 | 7.2 | % |
| 2022 | 2,043 | 8,120,171 | \$ 50.11 | 7.3 | % |
| 2023 | 2,328 | 8,685,716 | \$ 56.79 | 8.7 | % |
| 2024 | 1,673 | 6,678,649 | \$ 58.56 | 6.9 | % |
| 2025 | 1,450 | 5,502,091 | \$ 65.09 | 6.4 | % |
| 2026 | 1,283 | 4,573,797 | \$ 63.39 | 5.1 | % |
| 2027 | 1,031 | 3,849,512 | \$ 62.90 | 4.3 | % |
| 2028 | 866 | 3,653,830 | \$ 56.94 | 3.7 | % |
| 2029 and Thereafter | 447 | 2,797,024 | \$ 46.42 | 2.4 | % |
| Specialty Leasing Agreements w/ terms in excess of 12 months | | | | | |
| Anchors | 1,536 | 3,964,360 | \$ 19.41 | 1.4 | % |
| 2019 | 9 | 1,004,555 | \$ 3.80 | 0.1 | % |
| 2020 | 22 | 3,137,784 | \$ 4.39 | 0.3 | % |
| 2021 | 12 | 1,422,205 | \$ 4.74 | 0.1 | % |
| 2022 | 14 | 1,915,691 | \$ 6.37 | 0.2 | % |
| 2023 | 18 | 2,468,058 | \$ 6.55 | 0.3 | % |
| 2024 | 20 | 1,465,647 | \$ 9.63 | 0.3 | % |
| 2025 | 15 | 1,404,556 | \$ 9.35 | 0.2 | % |
| 2026 | 5 | 633,170 | \$ 4.97 | 0.1 | % |
| 2027 | 6 | 920,224 | \$ 4.16 | 0.1 | % |
| 2028 | 9 | 857,119 | \$ 7.43 | 0.1 | % |
| 2029 and Thereafter | 17 | 2,013,617 | \$ 6.17 | 0.2 | % |

(1) Does not consider the impact of renewal options that may be contained in leases.

(2) Annual rental revenues represent domestic 2018 consolidated and joint venture combined base rental revenue.

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International Properties

Our ownership interests in properties outside the United States are primarily owned through joint venture arrangements. With the exception of our Premium Outlets in Canada, all of our international properties are managed by related parties.

European Investments

At December 31, 2018, we owned 63,924,148 shares, or approximately 21.3%, of Klépierre, which had a quoted market price of \$30.86 per share. Klépierre is a publicly traded, Paris-based real estate company, which owns, or has an interest in shopping centers located in 16 countries.

As of December 31, 2018, we had a controlling interest in a European investee with interests in nine Designer Outlet properties. Eight of the outlet properties are located in Europe and one outlet property is located in Canada. Of the eight properties in Europe, two are in Italy, two are in the Netherlands, and one each is in Austria, Germany, France and the United Kingdom. As of December 31, 2018, our legal percentage ownership interests in these entities ranged from 45% to 94%.

We own a 14.6% interest in Value Retail PLC and affiliated entities, which own and operate nine luxury outlets throughout Europe. We also have a minority direct ownership in three of those outlets.

Other International Investments

We hold a 40% interest in nine operating joint venture properties in Japan, a 50% interest in four operating joint venture properties in South Korea, a 50% interest in one operating joint venture property in Mexico, a 50% interest in two operating joint venture properties in Malaysia, and a 50% interest in three operating joint venture properties in Canada. The nine Japanese Premium Outlets operate in various cities throughout Japan and comprise over 3.3 million square feet of GLA and were 99.7% leased as of December 31, 2018.

The following property tables summarize certain data for our international properties as of December 31, 2018 and do not include our equity investment in Klépierre or our investment in Value Retail PLC and affiliated entities.

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

International Properties

| COUNTRY/Property Name | City (Metropolitan area) | Ownership Interest | SPG Effective Ownership | | Year Built | Total Gross Leasable Area (1) | Selected Tenants |
|------------------------------|-----------------------------|-----------------------|----------------------------|---|------------|-------------------------------------|--|
| JAPAN Ami Premium Outlets | Ami (Tokyo) | Fee | 40.0 | % | 2009 | 315,000 | Adidas, Beams, Coach, Ga Outlet, Ka Spade New York, McGregor Michael Kors, Polo Ralph Lauren, Puma, TaylorMa Tommy Hilfiger |
| Gotemba Premium Outlets | Gotemba City (Tokyo) | Fee | 40.0 | % | 2000 | 481,500 | Adidas, Armani, Balenciag Bally, Beams, Bottega Veneta, Burberry, Coach, Do & Gabban Dunhill, C Outlet, Gucci, Jil Stuart, Lo Piana, Michael Kors, |

| | | | | | | | |
|-------------------------------|-----------------------|---------------------------|------|---|------|---------|--|
| | | | | | | | Moncler, Nike, Polo Ralph Lauren, Prada/Miu Miu, Salvatore Ferragamo Tod's, Uni |
| Kobe-Sanda Premium Outlets | Hyougo-ken (Osaka) | Ground Lease (2026) | 40.0 | % | 2007 | 441,000 | Arrows Adidas, Armani, Bally, Beams, Coach, Do & Gabban Gap Outle Gucci, Ka Spade Nev York, Mar Jacobs, Michael Kors, Niko Polo Ralp Lauren, Prada/Miu Miu, Salvatore Ferragamo Tod's, Tommy Hilfiger, United Arrows, Valentino |
| Rinku Premium Outlets | Izumisano (Osaka) | Ground Lease (2031) | 40.0 | % | 2000 | 416,500 | Adidas, Armani, Bally, Beams, Coach, Do & Gabban Dunhill, Eddie Bau Furla, Gap Outlet, Ka Spade Nev York, Lan Collection Michael Kors, Niko Olive des |

| | | | | | | |
|------------------------------|--------------------------|---------------------|------|---|----------------|---------|
| Sano Premium Outlets | Sano (Tokyo) | Fee | 40.0 | % | 2003 | 390,800 |
| Sendai-Izumi Premium Outlets | Izumi Park Town (Sendai) | Ground Lease (2027) | 40.0 | % | 2008 | 164,200 |
| Shisui Premium Outlets (2) | Shisui (Chiba), Japan | Ground Lease (2033) | 40.0 | % | Phase 2 - 2013 | 434,600 |

Olive, Polo Ralph Lauren, Salvatore Ferragamo, Tommy Hilfiger, United Arrows, Adidas, Armani, Beams, Coach, Dunhill, Eddie Bauer, Etro, Furla, Gap Outlets, Gucci, Kate Spade New York, Michael Kors, Nike, Polo Ralph Lauren, Prada/Miu Miu, TaylorMade, Adidas, Beams, Coach, Polo Ralph Lauren, Tasaki, United Arrows, Adidas, Beams, Citizen, Coach, Dunhill, Furla, Gap, Kate Spade New York, Marmot, Michael Kors, Nike, Polo Ralph Lauren, Samsonite, Tommy

| | | | | | | | |
|----------------------|------------------|---------------------------|------|---|-------------------|-----------|--|
| | | | | | | | Hilfiger, United Arrows |
| | | | | | Phase 3 - 2018 | | |
| Toki Premium Outlets | Toki (Nagoya) | Ground Lease (2033) | 40.0 | % | 2005 | 367,700 | Adidas, Beams, Coach, Fu Gap Outle Kate Spad New York Nike, Oliv des Olive, Polo Ralp Lauren, Puma, Timberlan Tommy Hilfiger, United Arrows |
| Tosu Premium Outlets | Fukuoka (Kyushu) | Fee | 40.0 | % | 2004 | 290,400 | Adidas, Armani, Beams, B Coach, D & Gabban Furla, Gap Outlet, Ka Spade New York, Michael Kors, Nik Olive des Olive, Pol Ralph Lauren, Puma, Tommy Hilfiger, United Arrows |
| Subtotal Japan | | | | | | 3,301,700 | |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

International Properties

| COUNTRY/Property Name | City (Metropolitan area) | Ownership Interest | SPG Effective Ownership | | Year Built | Total Gross Leasable Area (1) | Selected Tenants |
|-----------------------------|-----------------------------|-----------------------|----------------------------|---|------------|-------------------------------------|--|
| MEXICO | | | | | | | |
| Punta Norte Premium Outlets | Mexico City | Fee | 50.0 | % | 2004 | 333,000 | Adidas, Calvin Klein, CH Carolina Herrera, Coach, Dolce & Gabbana, Kate Spac New Yor Nautica, Nike, Palacio Outlet, Salvatore Ferragam Zegna |
| Subtotal Mexico | | | | | | 333,000 | |
| SOUTH KOREA | | | | | | | |
| Yeoju Premium Outlets | Yeoju (Seoul) | Fee | 50.0 | % | 2007 | 551,600 | Adidas, Armani, Burberry, Chloe, Coach, Fendi, Gucci, Michael Kors, Nik Polo Ralp Lauren, Salvatore Ferragam Tod's, Valentino |

| | | | | | | | |
|-------------------------|-------------------|---------------------|------|---|----------------|-----------|--|
| Paju Premium Outlets | Paju (Seoul) | Ground Lease (2040) | 50.0 | % | 2011 | 442,900 | Vivienne Westwood, Armani, Bean Polo, Calvin Klein, Coach, Jil Stuart, Lanvin, Collection, Marc Jacobs, Michael Kors, Nike, Polo Ralph Lauren, Tory Burch, Vivienne Westwood |
| Busan Premium Outlets | Busan | Fee | 50.0 | % | 2013 | 360,200 | Adidas, Armani, Bean Polo, Calvin Klein, Coach, Michael Kors, Nike, Polo Ralph Lauren, Tommy Hilfiger |
| Siehung Premium Outlets | Siehung | Fee | 50.0 | % | 2017 | 444,400 | Adidas, Armani, Bean Polo, Calvin Klein, Coach, Michael Kors, Nike, Polo Ralph Lauren, Salvatore Ferragamo, The North Face |
| Subtotal South Korea | | | | | | 1,799,100 | |
| MALAYSIA | | | | | | | |
| Johor Premium Outlets | Johor (Singapore) | Fee | 50.0 | % | Phase 2 - 2011 | 309,400 | Adidas, Armani, Calvin |

| | | | | | | | |
|-----------------------------------|-------------------|-----|------|---|-------------------|---------|---|
| | | | | | | | Klein, Coach, DKNY, Furla, Gu Guess, Michael Kors, Nik Polo Ralp Lauren, Puma, Salvatore Ferragam Timberlan Tommy Hilfiger, Tory Bur Zegna |
| | | | | | Phase 3 - 2018 | | |
| Genting Highlands Premium Outlets | Kuala Lumpur | Fee | 50.0 | % | 2017 | 277,500 | Adidas, Coach, Furla, Ka Spade Ne York, Michael Kors, Pac Polo Ralp Lauren, Puma |
| Subtotal Malaysia | | | | | | 586,900 | |
| CANADA | | | | | | | |
| Toronto Premium Outlets (2) | Toronto (Ontario) | Fee | 50.0 | % | Phase 3 - 2013 | 500,400 | Adidas, Armani, Burberry, Calvin Klein, Coach, Eddie Ba Gap, Gu Kate Spa New Yor Michael Kors, Nik Polo Ralp Lauren, S Fifth Avenue, Tommy Hilfiger, Tory Bur |

| | | | | | Phase 4 - 2018 | | |
|--|--------------------|---------------------------|------|---|-------------------|-----------|--|
| Premium Outlets Montreal | Montreal (Quebec) | Fee | 50.0 | % | 2014 | 366,500 | Adidas, Calvin Klein, Coach, G Michael Kors, Nik Polo Ralph Lauren, Salvatore Ferragam Tommy Hilfiger |
| Premium Outlet Collection Edmonton International Airport | Edmonton (Alberta) | Ground Lease (2072) | 50.0 | % | 2018 | 424,000 | |
| Subtotal Canada | | | | | | 1,290,900 | |
| TOTAL INTERNATIONAL PREMIUM OUTLETS | | | | | | 7,311,600 | |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Property Table

International Properties

| | COUNTRY/Property Name | City (Metropolitan area) | Ownership Interest | SPG Effective Ownership | Year Built | Total Gross Leasable Area (1) | Selected Tenants |
|----|--------------------------------|--------------------------|--------------------|-------------------------|------------------------------------|-------------------------------|---|
| | INTERNATIONAL DESIGNER OUTLETS | | | | | | |
| | AUSTRIA | | | | | | |
| 1. | Parndorf Designer Outlet | Vienna | Fee | 90.0 | % Phase 3 — 2005 | 118,000 | Adidas, Armani, Bally, Burberry, Calvin Klein, Coach, Dolce & Gabbana, Furla, Geox, Gucci, Michael Kors, Moncler, Polo Ralph Lauren, Porsche Design, Prada, Zegna |
| | Phases 3 & 4 Subtotal Austria | | | | Phase 4 — 2011 | 118,000 | |
| | ITALY | | | | | | |
| 2. | La Reggia Designer Outlet | Marcianise (Naples) | Fee | 90.0 | % Phase 1 — 2010 | 288,000 | Adidas, Armani, Calvin Klein, Liu Jo, Michael Kors, Nike, Pinko, Polo Ralph Lauren, Puma, Roberto Cavalli, Timberland, Tommy Hilfiger, Versace |
| | Phases 1 & 2 | | | | Phase 2a — 2010 Phase 2b — 2011 | | |
| 3. | Noventa Di Piave Designer | Venice | Fee | 90.0 | % Phase 1 — 2008 | 324,000 | Armani, Bally, Bottega Veneta, Brioni, Burberry, |

| | | | | | | | | |
|----|---|------------|-----|------|---|--------------------------------------|---------|---|
| | | | | | | | | Calvin Klein, Fendi, Furla, Gucci, Loro Piana, Michael Kors, Nike, Paul Smith, Pinko, Polo Ralph Lauren, Prada, Salvatore Ferragamo, Sergio Rossi, Tommy Hilfiger, Valentino, Versace, Zegna |
| | Outlet Phases 1, 2, 3, & 4 | | | | | Phase 2 — 2010 | | |
| | | | | | | Phase 3 — 2012 Phase 4a - 2016 | 612,000 | |
| 4. | Subtotal Italy NETHERLANDS Roermond Designer Outlet Phases 2 & 3 | Roermond | Fee | 90.0 | % | Phase 2 — 2005 | 173,000 | Armani, Bally, Burberry, Calvin Klein, Coach, Furla, Gucci, Michael Kors, Moncler, Mulberry, Polo Ralph Lauren, Prada, Swarovski, Tod's, Tommy Hilfiger, UGG, Zegna |
| 5. | Roermond Designer Outlet Phase 4 | Roermond | Fee | 46.1 | % | Phase 3 — 2011 2017 | 125,000 | Adidas, Karl Lagerfield, Liu Jo, Longchamp, Tag Heuer, Tom Tailor, Woolrich |
| 6. | Rosada Designer Outlet | Roosendaal | Fee | 94.0 | % | 2017 | 247,500 | Adidas, Calvin Klein, Esprit, Guess, Nike, Puma, S. Oliver |
| | Subtotal Netherlands UNITED KINGDOM | | | | | | 545,500 | |
| 7. | Ashford Designer Outlet | Kent | Fee | 45.0 | % | 2000 | 183,000 | Adidas, Bose, Calvin Klein, Clarks, Fossil, French Connection, Gap, |

| | | | | | | | | |
|-----|--------------------------------------|-----------|---------------------|------|---|------|-----------|--|
| | | | | | | | | Guess, Nike, Polo Ralph Lauren, Superdry, Tommy Hilfiger |
| | Subtotal England | | | | | | 183,000 | |
| | CANADA | | | | | | | |
| 8. | Vancouver Designer Outlets | Vancouver | Ground Lease (2072) | 45.0 | % | 2015 | 242,000 | Armani, Calvin Klein, Coach, Gap, Kate Spade New York, Michael Kors, Nike, Polo Ralph Lauren, Tommy Hilfiger |
| | Subtotal Canada | | | | | | 242,000 | |
| | GERMANY | | | | | | | |
| 9. | Ochtrup Designer Outlets | Ochtrup | Fee | 70.5 | % | 2016 | 191,500 | Adidas, Lindt, Nike, Puma, Samsonite, Schiesser, Seidensticker, Steiff, Tom Tailor, Vero Moda, Watch Station |
| | Subtotal Germany | | | | | | 191,500 | |
| | FRANCE | | | | | | | |
| 10. | Provence Designer Outlet | Miramas | Fee | 90.0 | % | 2017 | 269,000 | Armani, Furla, Guess, Michael Kors, Nike, Polo Ralph Lauren, Puma, Timberland, Tommy Hilfiger |
| | Subtotal France | | | | | | 269,000 | |
| | Total International Designer Outlets | | | | | | 2,161,000 | |

FOOTNOTES:

- (1) All gross leasable area listed in square feet.
- (2) Property is undergoing an expansion.
- (3) Indicates tenant is under development/construction or has announced plans for development.

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Land

We have direct or indirect ownership interests in approximately 370 acres of land held in the United States and Canada for future development.

Sustainability

We incorporate sustainable thinking into many of the areas of our business; from how we plan, develop, and operate our properties, to how we do business with our customers, engage with our communities, and create a productive and positive work environment for our employees. Our sustainability framework focuses on four key areas: Properties, Customers, Communities, and Employees.

We leverage sustainability to achieve cost efficiencies in our operations. By implementing a range of energy management practices and continuous energy monitoring and reporting, we have reduced our energy consumption at comparable properties every year since 2003. As a result, excluding new developments, we have reduced the electricity usage over which we have direct control by 363 million kWhs since 2003. This represents a 37% reduction in electricity usage across a portfolio of comparable properties.

Our reduction in greenhouse gas emissions resulting from our energy management efforts in the same time period is 261,169 metric tons of CO₂e. This figure includes emission streams that have been consistently tracked since 2003 including scope 1, scope 2, and for scope 3 only employee commuting and business travel. Additional emission streams, such as emissions generated from solid waste management, use of refrigerants and tenants' plug-load consumptions, were included in Simon's sustainability disclosure since 2013 and are reported in Simon's annual sustainability report published in accordance with the guidelines of the Global Reporting Initiatives (GRI), the most widely used international standard for sustainability reporting.

Simon's sustainability performance was once again recognized by international organizations. In 2018, Simon was awarded a score of A- by CDP in the climate change questionnaire, which identifies the company as a sustainability leader for driving significant reduction in emissions, implementing strategies to manage climate related risks and opportunities as well as setting company-wide sustainability goals. Simon was also awarded a Green Star ranking - the designation awarded for leadership in sustainability performance by the Global Real Estate Sustainability Benchmark (GRESB).

Mortgages and Unsecured Debt

The following table sets forth certain information regarding the mortgages encumbering our properties, and the properties held by our domestic and international joint venture arrangements, and also our unsecured corporate debt. Substantially all of the mortgage and property related debt is nonrecourse to us.

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

| Property Name | Interest Rate | Face Amount | Annual Debt Service (1) | Maturity Date |
|--|---------------|--------------|-------------------------|---------------|
| Consolidated Indebtedness: | | | | |
| Secured Indebtedness: | | | | |
| Arizona Mills | 5.76 % | \$ 152,911 | \$ 12,268 | 07/01/20 |
| Battlefield Mall | 3.95 % | 117,500 | 7,118 | 09/01/22 |
| Birch Run Premium Outlets | 4.21 % | 123,000 | 5,177 (2) | 02/06/26 |
| Calhoun Outlet Marketplace | 4.17 % | 18,670 (19) | 1,140 | 06/01/26 |
| Carolina Premium Outlets | 3.36 % | 44,169 | 2,675 | 12/01/22 |
| Domain, The | 5.44 % | 184,739 | 14,085 | 08/01/21 |
| Ellenton Premium Outlets | 4.30 % | 178,000 | 7,651 (2) | 12/01/25 |
| Empire Mall | 4.31 % | 190,000 | 8,197 (2) | 12/01/25 |
| Florida Keys Outlet Marketplace | 4.17 % | 17,000 | 709 (2) | 12/01/25 |
| Gaffney Outlet Marketplace | 4.17 % | 30,159 (19) | 1,841 | 06/01/26 |
| Grand Prairie Premium Outlets | 3.66 % | 114,013 | 6,596 | 04/01/23 |
| Grove City Premium Outlets | 4.31 % | 140,000 | 6,032 (2) | 12/01/25 |
| Gulfport Premium Outlets | 4.35 % | 50,000 | 2,174 (2) | 12/01/25 |
| Gurnee Mills | 3.99 % | 264,582 | 15,736 | 10/01/26 |
| Hagerstown Premium Outlets | 4.26 % | 75,951 | 4,550 | 02/06/26 |
| Ingram Park Mall | 5.38 % | 128,060 | 9,746 | 06/01/21 |
| La Reggia Designer Outlet Phases 1 & 2 | 2.25 % (25) | 148,133 (30) | 7,780 | 02/15/22 |
| Lee Premium Outlets | 4.17 % | 51,701 (19) | 3,157 | 06/01/26 |
| Merrimack Premium Outlets | 3.78 % | 121,753 | 7,247 | 07/01/23 |
| Midland Park Mall | 4.35 % | 75,464 | 5,078 | 09/06/22 |
| Mills at Jersey Gardens, The | 3.83 % | 350,000 | 13,405 (2) | 11/01/20 |
| Montgomery Mall | 4.57 % | 100,000 | 4,570 (2) | 05/01/24 |
| Noventa Di Piave Designer Outlet Phases 1, 2, 3, 4 | 2.00 % | 297,566 (30) | 5,942 (2) | 07/25/25 |
| Opry Mills | 4.09 % | 375,000 | 15,345 (2) | 07/01/26 |
| Outlets at Orange, The | 4.22 % | 215,000 | 9,067 (2) | 04/01/24 |
| Oxford Valley Mall | 4.77 % | 61,076 | 4,456 | 12/07/20 |
| Parndorf Designer Outlet | 1.90 % | 105,293 (30) | 2,001 (2) | 05/25/22 |
| Penn Square Mall | 3.84 % | 310,000 | 11,910 (2) | 01/01/26 |
| Pismo Beach Premium Outlets | 3.33 % | 35,360 (20) | 1,953 | 09/06/26 |
| Plaza Carolina | 3.60 % (1) | 225,000 | 8,106 (2) | 07/27/21 |
| Pleasant Prairie Premium Outlets | 4.00 % | 145,000 | 5,793 (2) | 09/01/27 |
| Potomac Mills | 3.46 % | 416,000 | 14,383 (2) | 11/01/26 |
| Provence Designer Outlet | 2.50 % (33) | 93,019 (30) | 2,325 (2) | 07/27/22 (3) |
| Puerto Rico Premium Outlets | 3.60 % (1) | 160,000 | 5,764 (2) | 07/26/21 |
| Queenstown Premium Outlets | 3.33 % | 62,119 (20) | 3,430 | 09/06/26 |

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| | | | | |
|-----------------------------|-------------|--------------|-----------|--------------|
| Roermond Designer Outlet | 1.88 % | 263,232 (30) | 4,943 (2) | 12/18/21 |
| Rosada Designer Outlets | 1.85 % (24) | 66,523 (30) | 2,947 | 02/25/24 (3) |
| Shops at Chestnut Hill, The | 4.69 % | 120,000 | 5,624 (2) | 11/01/23 |
| Shops at Riverside, The | 3.37 % | 130,000 | 4,382 (2) | 02/01/23 |
| Southdale Center | 3.84 % | 144,514 | 8,713 | 04/01/23 |
| Southridge Mall | 3.85 % | 116,968 | 7,036 | 06/06/23 |
| Summit Mall | 3.31 % | 85,000 | 2,817 (2) | 10/01/26 |

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

| Property Name | Interest Rate | Face Amount | Annual Debt Service (1) | Maturity Date |
|---|---------------|---------------|-------------------------|---------------|
| The Crossings Premium Outlets | 3.41 % | 108,225 | 6,131 | 12/01/22 |
| Town Center at Cobb | 4.76 % | 185,305 | 12,530 | 05/01/22 |
| University Park Village | 3.85 % | 55,000 | 2,118 (2) | 05/01/28 |
| White Oaks Mall | 5.25 % (28) | 49,500 | 3,367 | 06/01/23 (3) |
| Williamsburg Premium Outlets | 4.23 % | 185,000 | 7,824 (2) | 02/06/26 |
| Wolfchase Galleria | 4.15 % | 159,157 | 9,620 | 11/01/26 |
| Total Consolidated Secured Indebtedness | | \$ 6,844,662 | | |
| Unsecured Indebtedness: | | | | |
| Simon Property Group, L.P. | | | | |
| Global Commercial Paper - USD | 2.49 % (16) | \$ 758,681 | \$ 18,891 (2) | 02/20/19 (16) |
| Credit Facility - USD | 3.28 % (15) | 125,000 | 4,100 (2) | 06/30/22 (3) |
| Unsecured Notes - 22C | 6.75 % | 600,000 | 40,500 (14) | 02/01/40 |
| Unsecured Notes - 23A | 3.16 % (18) | 900,000 | 28,478 (14) | 03/01/21 |
| Unsecured Notes - 24B | 4.13 % | 700,000 | 28,875 (14) | 12/01/21 |
| Unsecured Notes - 25B | 3.38 % | 600,000 | 20,250 (14) | 03/15/22 |
| Unsecured Notes - 25C | 4.75 % | 550,000 | 26,125 (14) | 03/15/42 |
| Unsecured Notes - 26B | 2.75 % | 500,000 | 13,750 (14) | 02/01/23 |
| Unsecured Notes - 27A | 2.20 % | 600,000 (34) | 13,200 (14) | 02/01/19 |
| Unsecured Notes - 27B | 3.75 % | 600,000 | 22,500 (14) | 02/01/24 |
| Unsecured Notes - 28A | 3.38 % | 900,000 | 30,375 (14) | 10/01/24 |
| Unsecured Notes - 28B | 4.25 % | 400,000 | 17,000 (14) | 10/01/44 |
| Unsecured Notes - 29A | 2.50 % | 500,000 | 12,500 (14) | 09/01/20 |
| Unsecured Notes - 29B | 3.50 % | 600,000 | 21,000 (14) | 09/01/25 |
| Unsecured Notes - 30A | 2.50 % | 550,000 | 13,750 (14) | 07/15/21 |
| Unsecured Notes - 30B | 3.30 % | 800,000 | 26,400 (14) | 01/15/26 |
| Unsecured Notes - 31A | 2.35 % | 550,000 | 12,925 (14) | 01/30/22 |
| Unsecured Notes - 31B | 3.25 % | 750,000 | 24,375 (14) | 11/30/26 |
| Unsecured Notes - 31C | 4.25 % | 550,000 | 23,375 (14) | 11/30/46 |
| Unsecured Notes - 32A | 2.63 % | 600,000 | 15,750 (14) | 06/15/22 |
| Unsecured Notes - 32B | 3.38 % | 750,000 | 25,313 (14) | 06/15/27 |
| Unsecured Notes - 33A | 2.75 % | 600,000 | 16,500 (14) | 06/01/23 |
| Unsecured Notes - 33B | 3.38 % | 750,000 | 25,313 (14) | 12/01/27 |
| Unsecured Notes - Euro 1 | 2.38 % | 858,368 (8) | 20,386 (6) | 10/02/20 |
| Unsecured Notes - Euro 2 | 1.38 % | 858,368 (13) | 11,803 (6) | 11/18/22 |
| Unsecured Notes - Euro 3 | 1.25 % | 572,245 (10) | 7,153 (6) | 05/13/25 |
| Total Consolidated Unsecured Indebtedness | | \$ 16,522,662 | | |
| | | \$ 23,367,324 | | |

Total Consolidated Indebtedness at
Face Amounts

| | | |
|---|---------------|------|
| Premium on Indebtedness | 11,822 | |
| Discount on Indebtedness | (44,691) | |
| Debt Issuance Costs | (96,175) | |
| Other Debt Obligations | 67,255 | (35) |
| Total Consolidated Indebtedness | \$ 23,305,535 | |
| Our Share of Consolidated Indebtedness | \$ 23,139,977 | |

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

| Property Name | Interest Rate | Face Amount | Annual Debt Service (1) | Maturity Date |
|----------------------------------|---------------|----------------|-------------------------|---------------|
| Joint Venture Indebtedness: | | | | |
| Secured Indebtedness: | | | | |
| Ami Premium Outlets | 1.72 % | \$ 48,495 (26) | \$ 8,441 | 09/25/23 |
| Arundel Mills | 4.29 % | 385,000 | 16,509 (2) | 02/06/24 |
| Ashford Designer Outlet | 2.94 % (27) | 81,890 (21) | 2,410 (2) | 02/22/22 |
| Auburn Mall | 6.02 % | 37,043 | 3,027 | 09/01/20 |
| Aventura Mall | 4.12 % | 1,750,000 | 72,122 (2) | 07/01/28 |
| Avenues, The | 3.60 % | 110,000 | 3,960 (2) | 02/06/23 |
| Bangkok Premium Outlets | 1.90 % | 27,746 (11) | 527 (2) | 03/05/19 |
| Briarwood Mall | 3.29 % | 165,000 | 5,432 (2) | 09/01/26 |
| Busan Premium Outlets | 3.40 % | 101,897 (17) | 3,460 (2) | 06/20/22 |
| Cape Cod Mall | 5.75 % | 88,612 | 7,003 | 03/06/21 |
| Charlotte Premium Outlets | 4.27 % | 100,000 | 4,270 (2) | 07/01/28 |
| Circle Centre | 5.25 % (1) | 65,000 | 6,189 | 12/06/24 |
| Clarksburg Premium Outlets | 3.95 % | 160,000 | 6,320 (2) | 01/01/28 |
| Coconut Point | 3.95 % | 189,468 | 10,823 | 10/01/26 |
| Colorado Mills - 1 | 4.28 % | 133,607 | 5,718 | 11/01/24 |
| Colorado Mills - 2 | 5.04 % | 26,086 | 1,811 | 07/01/21 |
| Concord Mills | 3.84 % | 235,000 | 9,015 (2) | 11/01/22 |
| Crystal Mall | 4.46 % | 87,782 | 5,749 | 06/06/22 |
| Dadeland Mall | 4.50 % | 410,211 | 27,361 | 12/05/21 |
| Del Amo Fashion Center | 3.66 % | 585,000 | 21,396 (2) | 06/01/27 |
| Domain Westin | 4.12 % | 66,036 | 4,069 | 09/01/25 |
| Dover Mall | 5.57 % | 83,664 | 6,455 | 08/06/21 |
| Emerald Square Mall | 4.71 % | 102,672 | 7,165 | 08/11/22 |
| Falls, The | 3.45 % | 150,000 | 5,175 (2) | 09/01/26 |
| Fashion Centre Pentagon Office | 5.11 % | 40,000 | 2,043 (2) | 07/01/21 |
| Fashion Centre Pentagon Retail | 4.87 % | 410,000 | 19,957 (2) | 07/01/21 |
| Fashion Valley | 4.30 % | 431,673 | 28,208 | 01/04/21 |
| Florida Mall, The | 5.25 % | 321,848 | 24,849 | 09/05/20 |
| Galleria, The | 3.55 % | 1,200,000 | 42,598 (2) | 03/01/25 |
| Genting Highland Premium Outlets | 5.27 % (7) | 31,776 (9) | 1,675 (2) | 02/14/24 |
| Gloucester Premium Outlets | 4.00 % (1) | 86,000 | 3,442 (2) | 03/01/23 (3) |
| Grapevine Mills | 3.83 % | 268,000 | 10,272 (2) | 10/01/24 |
| Hamilton Town Center | 4.81 % | 79,218 | 5,293 | 04/01/22 |
| Johor Premium Outlets | 5.02 % (7) | 2,007 (9) | 6,725 | 11/01/19 |
| Katy Mills | 3.49 % | 140,000 | 4,886 (2) | 12/06/22 |
| Kobe-Sanda Premium Outlets | 0.44 % (12) | 30,215 (26) | 1,729 | 01/31/23 |

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| | | | | | |
|------------------------------|------|--------|---------|------------|----------|
| Lehigh Valley Mall | 4.06 | % | 196,328 | 12,325 | 11/01/27 |
| Liberty Tree Mall | 3.41 | % | 30,984 | 1,866 | 05/06/23 |
| Malaga Designer Outlet | 2.75 | % (22) | 10,529 | 290 (2) | 02/09/23 |
| Mall at Rockingham Park, The | 4.04 | % | 262,000 | 10,585 (2) | 06/01/26 |
| Mall at Tuttle Crossing, The | 3.56 | % | 118,871 | 6,789 | 05/01/23 |
| Mall of New Hampshire, The | 4.11 | % | 150,000 | 6,162 (2) | 07/01/25 |

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

| Property Name | Interest Rate | | Face Amount | | Annual Debt Service (1) | Maturity Date |
|------------------------------------|---------------|------|-------------|------|-------------------------|---------------|
| Meadowood Mall | 5.82 % | | 112,370 | | 8,818 | 11/06/21 |
| Miami International Mall | 4.42 % | | 160,000 | | 7,072 (2) | 02/06/24 |
| Northshore Mall | 3.30 % | | 243,154 | | 14,453 | 07/05/23 |
| Ochtrup Designer Outlet | 2.49 % | (27) | 45,539 | (30) | 2,787 | 06/30/21 |
| Ontario Mills | 4.25 % | | 304,854 | | 20,661 | 03/05/22 |
| Paju Premium Outlets | 3.56 % | | 57,908 | (17) | 18,203 | 07/13/23 |
| Phipps Plaza Hotel | 4.50 % | (1) | 21,262 | | 1,221 | 12/17/19 |
| Phipps Plaza Residential | 4.25 % | (1) | 38,274 | | 1,628 (2) | 10/16/19 |
| Premium Outlet Collection Edmonton | | | | | | |
| IA | 3.60 % | (4) | 96,094 | (5) | 3,457 (2) | 11/10/21 (3) |
| Premium Outlets Montréal | 3.10 % | | 88,033 | (5) | 2,729 (2) | 06/01/24 |
| Quaker Bridge Mall | 4.50 % | | 180,000 | | 8,100 (2) | 05/01/26 |
| Querétaro Premium Outlets | 11.29 % | (23) | 18,932 | (32) | 2,137 (2) | 12/20/33 |
| Rinku Premium Outlets | 0.33 % | (12) | 9,090 | (26) | 30 (2) | 07/31/22 |
| Roermond 4 Designer Outlet | 1.30 % | (36) | 192,274 | (30) | 2,500 (2) | 08/17/25 |
| Roosevelt Field Hotel | 5.60 % | (1) | 1,206 | | 68 (2) | 01/12/23 |
| Sano Premium Outlets | 0.31 % | | 41,358 | (26) | 1,637 (2) | 02/28/25 |
| Shisui Premium Outlets Phase 1 | 0.31 % | (12) | 25,451 | (26) | 5,048 (2) | 05/31/23 |
| Shisui Premium Outlets Phase 2 | 0.38 % | | 45,448 | (26) | 173 (2) | 05/29/22 |
| Shisui Premium Outlets Phase 3 | 0.31 % | (12) | 23,633 | (26) | 73 (2) | 11/30/23 |
| Shops at Clearfork, The | 4.25 % | (1) | 176,358 | | 7,500 (2) | 03/18/21 (3) |
| Shops at Crystals, The | 3.74 % | | 550,000 | | 20,592 (2) | 07/01/26 |
| Shops at Mission Viejo, The | 3.61 % | | 295,000 | | 10,650 (2) | 02/01/23 |
| Siheung Premium Outlets | 3.28 % | | 134,667 | (17) | 4,417 (2) | 03/15/23 |
| Silver Sands Premium Outlets | 3.93 % | | 100,000 | | 3,930 (2) | 06/01/22 |
| Smith Haven Mall | 3.70 % | (1) | 180,000 | | 6,665 (2) | 05/29/20 |
| Solomon Pond Mall | 4.01 % | | 97,350 | | 6,309 | 11/01/22 |
| Southdale Hotel | 4.50 % | | 16,696 | | 752 (2) | 06/01/22 |
| Southdale Residential | 4.46 % | | 39,541 | | 2,530 | 10/15/35 |
| Springfield Mall | 4.45 % | | 61,625 | | 3,928 | 10/06/25 |
| Square One Mall | 5.47 % | | 89,563 | | 6,793 | 01/06/22 |
| St. Johns Town Center | 3.82 % | | 350,000 | | 13,367 (2) | 09/11/24 |
| St. Louis Premium Outlets | 4.06 % | | 95,000 | | 3,858 (2) | 10/06/24 |
| Stoneridge Shopping Center | 3.50 % | | 330,000 | | 11,550 (2) | 09/05/26 |
| Tanger Outlets Columbus | 4.15 % | (1) | 85,000 | | 3,530 (2) | 11/28/21 (3) |
| Tanger Outlets - Galveston/Houston | 4.15 % | (1) | 80,000 | | 3,322 (2) | 07/01/22 |
| Toki Premium Outlets - Fixed | 0.38 % | | 27,269 | (26) | 102 (2) | 11/29/19 |
| Toki Premium Outlets - Variable | 0.92 % | (12) | 5,656 | (26) | 52 (2) | 05/31/20 |
| Toronto Premium Outlets | 3.13 % | | 124,714 | (5) | 3,899 (2) | 06/01/22 |

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| | | | | | | | | |
|-----------------------------|------|---|------|---------|------|--------|-----|--------------|
| Toronto Premium Outlets II | 3.50 | % | (4) | 82,898 | (5) | 2,899 | (2) | 05/25/22 (3) |
| Tosu Premium Outlets | 0.38 | % | (12) | 10,453 | (26) | 2,081 | (2) | 07/31/21 |
| Twin Cities Premium Outlets | 4.32 | % | | 115,000 | | 4,968 | (2) | 11/06/24 |
| Vancouver Designer Outlet | 3.85 | % | (4) | 83,607 | (5) | 3,216 | (2) | 06/19/21 (3) |
| West Town Mall | 4.37 | % | | 210,000 | | 9,177 | (2) | 07/01/22 |
| Westchester, The | 6.00 | % | | 324,860 | | 26,980 | | 05/05/20 |

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

| | Interest | Face | Annual Debt | Maturity |
|---|----------|-------------------|-------------|----------|
| Property Name | Rate | Amount | Service (1) | Date |
| Woodfield Mall | 4.50 % | 412,795 | 24,162 | 03/05/24 |
| Yeoju Premium Outlets | 3.45 % | 74,519 | 2,570 (2) | 09/28/21 |
| Total Joint Venture Secured Indebtedness at Face Value | | \$ 14,857,111 | | |
| TMLP Indebtedness at Face Value | | 420,486 (29) | | |
| Total Joint Venture and TMLP Indebtedness at Face Value | | \$ 15,277,597 | | |
| Premium on Indebtedness | | 2,225 | | |
| Debt Issuance Costs | | (44,407) | | |
| Total Joint Venture Indebtedness | | \$ 15,235,415 | | |
| Our Share of Joint Venture Indebtedness | | \$ 7,160,392 (31) | | |

-
- (1) Variable rate loans based on one-month (1M) LIBOR plus interest rate spreads ranging from 77.5 bps to 310 bps. 1M LIBOR as of December 31, 2018 was 2.50%. Requires monthly payment of interest only.
- (2) Requires monthly payment of interest only.
- (3) Includes applicable extension available at the Applicable Borrower's option.
- (4) Variable rate loans based on 1M CDOR plus interest rate spreads ranging from 120 bps to 155 bps. 1M CDOR at December 31, 2018 was 2.30%.
- (5) Amount shown in USD equivalent. CAD equivalent is 648.0 million.
- (6) Requires annual payment of interest only.
- (7) Variable rate loans based on Cost of Fund plus interest rate spreads ranging from 150 bps of 175 bps. Cost of Fund as of December 31, 2018 was 3.43%.
- (8) Amount shown in USD equivalent. Euro equivalent is 750.0 million.
- (9) Amount shown in USD equivalent. Ringgit equivalent is 139.7 million.
- (10) Amount shown in USD equivalent. Euro equivalent is 500.0 million.
- (11) Amount shown in USD equivalent. Baht equivalent is 899.0 million.
- (12) Variable rate loans based on six-month (6M) TIBOR plus interest rate spreads ranging from 17.5 bps to 35 bps. As of December 31, 2018, 6M TIBOR was 0.13%.
- (13) Amount shown in USD equivalent. Euro equivalent is 750.0 million.
- (14) Requires semi-annual payments of interest only.
- (15) \$4.0 Billion Credit Facility. As of December 31, 2018, the Credit Facility - USD Currency bears interest at 1M LIBOR + 77.5 bps, the Credit Facility - Yen Currency bears interest at 1M Yen LIBOR + 77.5 bps and the Credit Facility - Euro Currency bears interest at 1M EURO LIBOR + 77.5 bps. The Credit Facilities provide for different pricing based upon our investment grade rating. No borrowings under the \$3.5 Billion Supplemental Facility were outstanding at December 31, 2018. As of December 31, 2018, \$6.6 billion was available after outstanding borrowings and letters of credit under our Credit Facilities.
- (16) Reflects the weighted average maturity date and weighted average interest rate of all outstanding tranches of commercial paper at December 31, 2018.

- (17) Amount shown in USD equivalent. Won equivalent is 411.0 billion.
- (18) Through a cross currency swap agreement, \$150.0 million was swapped to Euro equivalent 121.6 million at 1.37%. Through an additional cross currency swap agreement, \$200.7 million was swapped to Yen equivalent 22.3 billion at 1.19%, resulting in an interest rate essentially fixed at the all-in rate presented.
- (19) Loans secured by these three properties are cross-collateralized and cross-defaulted.

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

- (20) Loans secured by these two properties are cross-collateralized and cross-defaulted.
- (21) Amount shown in USD equivalent. GBP equivalent is 64.3 million.
- (22) Variable rate loan based on three-month (3M) EURIBOR, which is subject to a floor of 0.00%, plus an interest rate spread of 275 bps.
- (23) On January 9, 2019, 198.6 million Pesos of the current outstanding balance was swapped from a variable interest rate of 28 day TIIE plus 2.70% to a fixed interest rate of 8.79% resulting in an all-in interest rate of 9.60%.
- (24) Variable rate loan based on 1M EURIBOR plus an interest rate spread of 185 bps. Through an interest rate floor agreement, 1M EURIBOR is currently fixed at 0.00%.
- (25) Variable rate loan based on 3M EURIBOR plus an interest rate spread of 225 bps. Through an interest rate floor agreement, 3M EURIBOR is currently fixed at 0.00%.
- (26) Amount shown in USD equivalent. Yen equivalent is 29.4 billion
- (27) Associated with this loan is an interest rate swap agreement that effectively fixes the interest rate on this loan at the all-in rate presented.
- (28) Variable rate loan based on 1M LIBOR plus an interest rate spread of 275 bps. In addition, 1M LIBOR is capped at 5.00%.
- (29) Consists of two properties with interest rates ranging from 5.65% to 7.32% and maturities between 2019 and 2021.
- (30) Amount shown in USD equivalent. Euro equivalent is 1.1 billion.
- (31) Our share of total indebtedness includes a pro rata share of the mortgage debt on joint venture properties, including properties owned by TMLP. To the extent total indebtedness is secured by a property, it is non-recourse to us, with the exception of approximately \$216.1 million of payment guarantees provided by the Operating Partnership (of which \$10.8 million is recoverable from our venture partner under the partnership agreement).
- (32) Amount shown in USD equivalent. Peso equivalent is 372.1 million.
- (33) Variable rate loan based on 3M EURIBOR plus an interest rate spread of 250 bps. Through an interest rate floor agreement, 3M EURIBOR is currently fixed at 0.00%. In addition, 3M EURIBOR is capped at 1.00%.
- (34) Notes repaid at maturity on February 1, 2019.
- (35) City of Sunrise Bond Liability (Sawgrass Mills)
- (36) Variable rate loan based on 3M EURIBOR plus an interest rate spread of 130 bps. Through an interest rate floor agreement, 3M EURIBOR is currently fixed at 0.00%. Also, 3M EURIBOR is capped at 1.30%.

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Mortgage and Unsecured Debt

As of December 31, 2018

(Dollars in thousands)

The changes in consolidated mortgages and unsecured indebtedness for the years ended December 31, 2018, 2017 and 2016 are as follows:

| | 2018 | 2017 | 2016 |
|---|---------------|---------------|---------------|
| Balance, Beginning of Year | \$ 24,632,463 | \$ 22,977,104 | \$ 22,416,682 |
| Additions during period: | | | |
| New Loan Originations | 7,980,569 | 11,764,046 | 14,862,637 |
| Loans assumed in acquisitions and consolidation | 215,000 | 42,266 | 448,559 |
| Net (Discount)/Premium | 301 | (11,636) | (9,822) |
| Net Debt Issuance Costs | (6,885) | (34,606) | (34,048) |
| Deductions during period: | | | |
| Loan Retirements | (9,340,861) | (10,466,033) | (14,549,425) |
| Amortization of Net Discounts/(Premiums) | 1,618 | 1,357 | (14,583) |
| Debt Issuance Cost Amortization | 21,445 | 21,709 | 21,702 |
| Scheduled Principal Amortization | (54,624) | (46,232) | (62,222) |
| Foreign Currency Translation | (143,490) | 384,488 | (102,376) |
| Balance, Close of Year | \$ 23,305,535 | \$ 24,632,463 | \$ 22,977,104 |

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Item 3. Legal Proceedings

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

Item 4. Mine Safety Disclosures

Not applicable.

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Part II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Simon

Market Information

Simon's common stock trades on the New York Stock Exchange under the symbol "SPG".

Holders

The number of holders of record of common stock outstanding was 1,066 as of February 14, 2019. The Class B common stock is subject to two voting trusts as to which Herbert Simon and David Simon are the trustees. Shares of Class B common stock convert automatically into an equal number of shares of common stock upon the occurrence of certain events and can be converted into shares of common stock at the option of the holders.

Dividends

We must pay a minimum amount of dividends to maintain Simon's status as a REIT. Simon's future dividends and future distributions of the Operating Partnership will be determined by Simon's Board of Directors, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for dividends and limited partner distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the amount required to maintain Simon's status as a REIT.

Common stock cash dividends during 2018 aggregated \$7.90 per share. Common stock cash dividends during 2017 aggregated \$7.15 per share. In the first quarter of 2019, Simon's Board of Directors declared a quarterly cash dividend of \$2.05 per share of common stock payable on February 28, 2019 to stockholders of record on February 14, 2019.

We offer a dividend reinvestment plan that allows Simon's stockholders to acquire additional shares by automatically reinvesting cash dividends. Shares are acquired pursuant to the plan at a price equal to the prevailing market price of such shares, without payment of any brokerage commission or service charge.

Unregistered Sales of Equity Securities

None.

Issuances Under Equity Compensation Plans

For information regarding the securities authorized for issuance under our equity compensation plans, see Item 12 of this Annual Report on Form 10-K.

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Issuer Purchases of Equity Securities

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced programs | Approximate value of shares that may yet be purchased under programs (1) |
|--------------------------------------|--|------------------------------------|--|---|
| October 1, 2018 - October 31, 2018 | — | \$ — | — | \$ — |
| November 1, 2018 - November 30, 2018 | — | \$ — | — | \$ — |
| December 1, 2018 - December 31, 2018 | 286,947 | \$ 163.14 | 286,947 | \$ 640,616,226 |
| | 286,947 | \$ 163.14 | 286,947 | |

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

The Operating Partnership

Market Information

There is no established trading market for units or preferred units.

Holders

The number of holders of record of units was 246 as of February 14, 2019.

Distributions

The Operating Partnership makes distributions on its units in amounts sufficient to maintain Simon's qualification as a REIT. Simon is required each year to distribute to its stockholders at least 90% of its REIT taxable income after certain adjustments. Future distributions will be determined by Simon's Board of Directors, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the distributions that may be required to maintain Simon's status as a REIT.

Distributions during 2018 aggregated \$7.90 per unit. Distributions during 2017 aggregated \$7.15 per unit. In the first quarter of 2019, Simon's Board of Directors declared a quarterly cash dividend of \$2.05 per share. The distribution rate on the Operating Partnership's units is equal to the dividend rate on Simon's common stock.

Unregistered Sales of Equity Securities

None.

Issuer Purchases of Equity Securities

During the year ended December 31, 2018 the Operating Partnership redeemed 454,704 units from eight limited partners for \$81.5 million in cash.

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Item 6. Selected Financial Data

The following tables set forth selected financial data. The selected financial data should be read in conjunction with the financial statements and notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations. Other data we believe is important in understanding trends in our business is also included in the tables.

| | As of or for the Year Ended December 31 | | | | |
|---|---|--------------|--------------|--------------|--------------|
| | 2018 | 2017 (1) | 2016 (2) | 2015 (3) | 2014 (4) |
| | (in thousands, except per share data) | | | | |
| OPERATING DATA: | | | | | |
| Total consolidated revenue | \$ 5,657,919 | \$ 5,538,640 | \$ 5,435,229 | \$ 5,266,103 | \$ 4,870,818 |
| Consolidated income from continuing operations | 2,822,343 | 2,244,903 | 2,134,706 | 2,139,375 | 1,622,165 |
| Consolidated net income | 2,822,343 | 2,244,903 | 2,134,706 | 2,139,375 | 1,651,526 |
| Net income attributable to common stockholders - SPG Inc. | 2,436,721 | 1,944,625 | 1,835,559 | 1,824,383 | 1,405,251 |
| Net income attributable to unitholders - SPG L.P. | 2,805,764 | 2,239,638 | 2,122,236 | 2,131,139 | 1,643,783 |
| BASIC AND DILUTED EARNINGS PER SHARE/UNIT: | | | | | |
| Simon Property Group, Inc. | | | | | |
| Income from continuing operations | \$ 7.87 | \$ 6.24 | \$ 5.87 | \$ 5.88 | \$ 4.44 |
| Discontinued operations | — | — | — | — | 0.08 |
| Net income attributable to common stockholders | \$ 7.87 | \$ 6.24 | \$ 5.87 | \$ 5.88 | \$ 4.52 |
| Basic weighted average shares outstanding | 309,627 | 311,517 | 312,691 | 310,103 | 310,731 |
| Diluted weighted average shares outstanding | 309,627 | 311,517 | 312,691 | 310,103 | 310,731 |
| Dividends per share (5) | \$ 7.90 | \$ 7.15 | \$ 6.50 | \$ 6.05 | \$ 5.15 |
| Simon Property Group, L.P. | | | | | |
| Income from continuing operations | \$ 7.87 | \$ 6.24 | \$ 5.87 | \$ 5.88 | \$ 4.44 |
| Discontinued operations | — | — | — | — | 0.08 |
| Net income attributable to unitholders | \$ 7.87 | \$ 6.24 | \$ 5.87 | \$ 5.88 | \$ 4.52 |
| Basic weighted average units outstanding | 356,520 | 358,777 | 361,527 | 362,244 | 363,476 |
| Diluted weighted average units outstanding | 356,520 | 358,777 | 361,527 | 362,244 | 363,476 |
| Distributions per unit (5) | \$ 7.90 | \$ 7.15 | \$ 6.50 | \$ 6.05 | \$ 5.15 |
| BALANCE SHEET DATA: | | | | | |
| Cash and cash equivalents | \$ 514,335 | \$ 1,482,309 | \$ 560,059 | \$ 701,134 | \$ 612,282 |
| Total assets | 30,686,223 | 32,257,638 | 31,103,578 | 30,565,182 | 29,447,591 |

| | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|
| Mortgages and other indebtedness | 23,305,535 | 24,632,463 | 22,977,104 | 22,416,682 | 20,768,254 |
| Total equity | 3,796,956 | 4,238,764 | 4,959,912 | 5,216,369 | 5,951,505 |
| OTHER DATA: | | | | | |
| Cash flow provided by (used in): | | | | | |
| Operating activities | \$ 3,750,796 | \$ 3,593,788 | \$ 3,372,694 | \$ 3,024,685 | \$ 2,730,420 |
| Investing activities | (236,506) | (761,467) | (969,026) | (1,462,720) | (897,266) |
| Financing activities | (4,482,264) | (1,910,071) | (2,544,743) | (1,473,113) | (2,937,735) |
| Simon Property Group, Inc. | | | | | |
| Funds from Operations (FFO) (6) | \$ 4,324,601 | \$ 4,020,505 | \$ 3,792,951 | \$ 3,571,237 | \$ 3,235,298 |
| Dilutive FFO allocable to common stockholders | | | | | |
| | \$ 3,755,784 | \$ 3,490,910 | \$ 3,280,590 | \$ 3,057,193 | \$ 2,765,819 |
| Diluted FFO per share | \$ 12.13 | \$ 11.21 | \$ 10.49 | \$ 9.86 | \$ 8.90 |
| Simon Property Group, L.P. | | | | | |
| Funds from Operations (FFO) (6) | \$ 4,324,601 | \$ 4,020,505 | \$ 3,792,951 | \$ 3,571,237 | \$ 3,235,298 |

(1) During the year ended December 31, 2017, we recorded a \$128.6 million loss on extinguishment of debt associated with the early redemption of a series of senior unsecured notes, reducing diluted earnings per share/units and diluted FFO per share by \$0.36.

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- (2) During the year ended December 31, 2016, we recorded a \$136.8 million loss on extinguishment of debt associated with the early redemption of a series of senior unsecured notes, reducing diluted earnings per share/units and diluted FFO per share by \$0.38.
- (3) During the year ended December 31, 2015, we recorded a \$121.0 million loss on extinguishment of debt associated with the early redemption of two series of unsecured senior notes, reducing diluted earnings per share/units and diluted FFO per share by \$0.33. We also recorded a gain on sale of marketable securities of \$80.2 million, increasing diluted earnings per share/unit and diluted FFO per share by \$0.22.
- (4) During the year ended December 31, 2014, we recorded a \$127.6 million loss on extinguishment of debt associated with five unsecured note tender offers and one early unsecured note redemption, reducing diluted earnings per share/unit and diluted FFO per share/unit by \$0.35. We also recorded transaction expenses related to the spin off of Washington Prime Group Inc., or Washington Prime, of \$38.2 million or \$0.10 per share/unit. 2014 FFO includes results for five months of Washington Prime of \$146.2 million or \$0.40 per share.
- (5) Represents dividends per share of Simon common stock/distributions per unit of Operating Partnership units declared per period.
- (6) FFO is a non GAAP financial measure that we believe provides useful information to investors. Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations for a definition and reconciliation of FFO to consolidated net income and, for Simon, FFO per share to net income per share.

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

The following discussion should be read in conjunction with the consolidated financial statements and notes thereto that are included in this Annual Report on Form 10 K.

Overview

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

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of December 31, 2018, we owned or held an interest in 206 income producing properties in the United States, which consisted of 107 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 12 other retail properties in 37 states and Puerto Rico. In addition, we have redevelopment and expansion projects, including the addition of anchors, big box tenants, and restaurants, underway at several properties in the United States, Canada, Europe and Asia. Internationally, as of December 31, 2018, we had ownership interests in nine Premium Outlets in Japan, four Premium Outlets in South Korea, three Premium Outlets in Canada, two Premium Outlets in Malaysia and one Premium Outlet in Mexico. We also own an interest in eight Designer Outlet properties in Europe and one Designer Outlet property in Canada. Of the eight properties in Europe, two are located in Italy, two are located in the Netherlands and one each is located in Austria, Germany, France and the United Kingdom. We also have three international outlet properties under development. As of December 31, 2018, we also owned a 21.3% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris based real estate company, which owns, or has an interest in, shopping centers located in 16 countries in Europe.

We generate the majority of our revenues from leases with retail, dining, entertainment and other tenants, including:

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

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

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

- attracting and retaining high quality tenants and utilizing economies of scale to reduce operating expenses,
- expanding and re-tenanting existing highly productive locations at competitive rental rates,
- selectively acquiring or increasing our interests in high quality real estate assets or portfolios of assets,

- generating consumer traffic in our retail properties through marketing initiatives and strategic corporate alliances, and
- selling selective non-core assets.

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

- establishing our malls as leading market resource providers for retailers and other businesses and consumer-focused corporate alliances, including payment systems (such as handling fees relating to the sales of

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bank issued prepaid cards), national marketing alliances, static and digital media initiatives, business development, sponsorship, and events,

- offering property operating services to our tenants and others, including waste handling and facility services, and the provision of energy services,
- selling or leasing land adjacent to our properties, commonly referred to as “outlots” or “outparcels,” and
- generating interest income on cash deposits and investments in loans, including those made to related entities.

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

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

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

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

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

Results Overview

Diluted earnings per share and diluted earnings per unit increased \$1.63 during 2018 to \$7.87 as compared to \$6.24 in 2017. The increase in diluted earnings per share and diluted earnings per unit was primarily attributable to:

- improved operating performance and solid core business fundamentals in 2018 and the impact of our acquisition, development and expansion activity,
- 2018 net gains primarily related to disposition activity of \$288.8 million, or \$0.81 per diluted share/unit,
- a non-cash investment gain of \$35.6 million, or \$0.10 per diluted share/unit, in 2018,
- business interruption insurance proceeds from Puerto Rico of \$17.9 million in 2018, or \$0.05 per diluted share/unit,
- increased income related to distributions from an international investment in 2018 of \$21.9 million, or \$0.06 per diluted share/unit, and
- a charge on early extinguishment of debt of \$128.6 million, or \$0.36 per diluted share/unit, in 2017, partially offset by
- 2017 gains of \$21.5 million, or \$0.06 per diluted share/unit, from the sales of marketable securities,
- an unfavorable \$15.2 million, or \$0.04 per diluted share/unit, non-cash mark-to-market adjustment on an equity investment, and
- our share of an early repayment charge and write-off of deferred debt issuance costs in 2018 related to refinancing at Aventura Mall, of \$12.5 million, or \$0.03 per diluted share/unit.

Solid core business fundamentals during 2018 were primarily driven by strong leasing activity. Portfolio NOI grew by 3.7% in 2018 as compared to 2017. Comparable property NOI grew 2.3% for our portfolio of U.S. Malls, Premium

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Outlets, and The Mills. Total sales per square foot, or psf, increased to \$661 psf at December 31, 2018 from \$628 psf at December 31, 2017 for our U.S. Malls and Premium Outlets. Average base minimum rent for U.S. Malls and Premium Outlets increased 2.0% to \$54.18 psf as of December 31, 2018, from \$53.11 psf as of December 31, 2017. Leasing spreads in our U.S. Malls and Premium Outlets were positive as we were able to lease available square feet at higher rents, resulting in an open/close leasing spread (based on total tenant payments — base minimum rent plus common area maintenance) of \$7.75 psf (\$62.04 openings compared to \$54.29 closings) as of December 31, 2018, representing a 14.3% increase. Ending occupancy for our U.S. Malls and Premium Outlets increased 0.3% to 95.9% as of December 31, 2018, from 95.6% as of December 31, 2017.

Our effective overall borrowing rate at December 31, 2018 on our consolidated indebtedness increased 10 basis points to 3.35% as compared to 3.25% at December 31, 2017. This increase was primarily due to an increase in the effective overall borrowing rate on variable rate debt of 98 basis points (3.17% at December 31, 2018 as compared to 2.19% at December 31, 2017) combined with an increase in the effective overall borrowing rate on fixed rate debt of seven basis points (3.37% at December 31, 2018 as compared to 3.30% at December 31, 2017), partially offset by a decrease in the amount of both fixed and variable rate debt. The weighted average years to maturity of our consolidated indebtedness was 6.4 years and 7.0 years at December 31, 2018 and 2017, respectively.

Our financing activity for the year ended December 31, 2018 and material subsequent events included:

- Repaying our Yen-denominated borrowings of \$201.3 million (U.S. dollar equivalent) on the Operating Partnership's \$4.0 billion unsecured revolving credit facility, or Credit Facility.
- Decreasing our borrowings under the Operating Partnership's global unsecured commercial paper note program, or the Commercial Paper program, by \$219.8 million.
- Redeeming at par \$750.0 million of senior unsecured notes with a fixed interest rate of 1.50% on January 3, 2018.
- Unencumbering a property by repaying an \$86.6 million mortgage loan with an interest rate of 7.79%.
- Refinancing the \$1.2 billion mortgage loan and \$200.8 million construction loan at Aventura Mall, in which we have a 33.3% noncontrolling interest, with a \$1.75 billion mortgage loan at a fixed interest rate of 4.12% that matures on July 1, 2028.
- Refinancing the €110.0 million, 1.68% variable rate mortgage loan maturing in 2020 at Noventa di Piave Designer Outlet, in which we have a 90.0% interest, with a €260.0 million, 2.00% fixed rate mortgage loan that matures in 2025.
- Repaying at maturity \$600.0 million of senior unsecured notes with a fixed interest rate of 2.20% on February 1, 2019.

United States Portfolio Data

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

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

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

| | 2018 | | | % / Basis Point Change (1) | | 2017 | | | % / Basis Point Change (1) | | 2016 | |
|---|----------|---|-----|-------------------------------|----------|------|------|-----|-------------------------------|---|------|--|
| U.S. Malls and Premium Outlets: | | | | | | | | | | | | |
| Ending Occupancy | | | | | | | | | | | | |
| Consolidated | 95.9 | % | 10 | bps | 95.8 | % | -130 | bps | 97.1 | % | | |
| Unconsolidated | 95.8 | % | 70 | bps | 95.1 | % | -70 | bps | 95.8 | % | | |
| Total Portfolio | 95.9 | % | 30 | bps | 95.6 | % | -120 | bps | 96.8 | % | | |
| Average Base Minimum Rent per Square Foot | | | | | | | | | | | | |
| Consolidated | \$ 52.51 | | 2.3 | % | \$ 51.34 | | 2.8 | % | \$ 49.94 | | | |
| Unconsolidated | \$ 58.59 | | 1.2 | % | \$ 57.88 | | 3.0 | % | \$ 56.19 | | | |
| Total Portfolio | \$ 54.18 | | 2.0 | % | \$ 53.11 | | 2.9 | % | \$ 51.59 | | | |
| Total Sales per Square Foot | | | | | | | | | | | | |
| Consolidated | \$ 641 | | 4.6 | % | \$ 613 | | 2.2 | % | \$ 600 | | | |
| Unconsolidated | \$ 719 | | 7.2 | % | \$ 671 | | 1.7 | % | \$ 660 | | | |
| Total Portfolio | \$ 661 | | 5.3 | % | \$ 628 | | 2.3 | % | \$ 614 | | | |
| The Mills: | | | | | | | | | | | | |
| Ending Occupancy | 97.6 | % | -80 | bps | 98.4 | % | 0 | bps | 98.4 | % | | |
| Average Base Minimum Rent per Square Foot | | | | | | | | | | | | |
| Consolidated | \$ 32.63 | | 5.3 | % | \$ 30.98 | | 6.6 | % | \$ 29.07 | | | |
| Total Sales per Square Foot | \$ 614 | | 4.6 | % | \$ 587 | | 3.8 | % | \$ 565 | | | |

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

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

Total Sales per Square Foot. Total sales include total reported retail tenant sales on a trailing 12 month basis at owned GLA (for mall stores with less than 10,000 square feet) in the malls and The Mills and stores with less than 20,000 square feet in the Premium Outlets. Retail sales at owned GLA affect revenue and profitability levels because sales determine the amount of minimum rent that can be charged, the percentage rent realized, and the recoverable expenses (common area maintenance, real estate taxes, etc.) that tenants can afford to pay.

Current Leasing Activities

During 2018, we signed 900 new leases and 1,183 renewal leases (excluding mall anchors and majors, new development, redevelopment and leases with terms of one year or less) with a fixed minimum rent across our U.S. Malls and Premium Outlets portfolio, comprising approximately 7.1 million square feet, of which 5.3 million square feet related to consolidated properties. During 2017, we signed 849 new leases and 1,302 renewal leases with a fixed minimum rent, comprising approximately 6.7 million square feet, of which 5.0 million square feet related to

consolidated properties. The average annual initial base minimum rent for new leases was \$57.29 per square foot in 2018 and \$58.60 per square foot in 2017 with an average tenant allowance on new leases of \$54.21 per square foot and \$50.53 per square foot, respectively.

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Japan Data

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

| | December 31, 2018 | %/basis point Change | December 31, 2017 | %/basis point Change | December 31, 2016 |
|---|----------------------|-------------------------|----------------------|-------------------------|----------------------|
| Ending Occupancy | 99.7% | -20 bps | 99.9% | 40 bps | 99.5% |
| Total Sales per Square Foot | ¥ 107,265 | 2.02% | ¥ 105,138 | 5.17% | ¥ 99,971 |
| Average Base Minimum Rent per Square Foot | ¥ 5,156 | 1.86% | ¥ 5,062 | 0.48% | ¥ 5,038 |

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP, requires management to use judgment in the application of accounting policies, including making estimates and assumptions. We base our estimates on historical experience and on various other assumptions believed to be reasonable under the circumstances. These judgments affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenue and expenses during the reporting periods. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different, it is possible that different accounting policies would have been applied resulting in a different presentation of our financial statements. From time to time, we reevaluate our estimates and assumptions. In the event estimates or assumptions prove to be different from actual results, adjustments are made in subsequent periods to reflect more current information. Below is a discussion of accounting policies that we consider critical in that they may require complex judgment in their application or require estimates about matters that are inherently uncertain. For a summary of our significant accounting policies, see Note 3 of the notes to the consolidated financial statements.

- We, as a lessor, retain substantially all of the risks and benefits of ownership of the investment properties and account for our leases as operating leases. We accrue minimum rents on a straight line basis over the terms of their respective leases. Substantially all of our retail tenants are also required to pay overage rents based on sales over a stated base amount during the lease year. We recognize overage rents only when each tenant's sales exceed its sales threshold.
- We review investment properties 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. These circumstances include, but are not limited to, a decline in a property's cash flows, occupancy or comparable sales per square foot. We measure any impairment of investment property when the estimated undiscounted operating income before depreciation and amortization plus its residual value is less than the carrying value of the property. To the extent impairment has occurred, we charge to income the excess of carrying value of the property over its estimated fair value. We may decide to sell properties that are held for use and the sale prices of these properties may differ from their carrying values. We also review our investments, including investments in unconsolidated entities, if events or circumstances change indicating that the carrying amount of our investments may not be recoverable. We will record an impairment charge if we determine that a decline in the fair value of the investments below carrying value is other than temporary. Changes in economic and operating conditions that occur subsequent to our review of recoverability of investment property and other investments could impact the assumptions used in that assessment and could result in future charges to earnings if assumptions regarding those investments differ from actual results.

- To maintain Simon's status as a REIT, we must distribute at least 90% of REIT taxable income in any given year and meet certain asset and income tests. We monitor our business and transactions that may potentially impact Simon's REIT status. In the unlikely event that we fail to maintain Simon's REIT status, and available relief provisions do not apply, we would be required to pay U.S. federal income taxes at regular corporate income tax rates during the period Simon did not qualify as a REIT. If Simon lost its REIT status, it could not elect to be taxed as a REIT for four taxable years following the year during which qualification was lost unless its failure was due to reasonable cause and certain other conditions were met. As a result, failing to maintain REIT status would result in a significant increase in the income tax expense recorded and paid during those periods.
- We make estimates as part of our valuation of the purchase price of asset acquisitions (including the components of excess investment in joint ventures) to the various components of the acquisition based upon the relative fair

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value of each component. The most significant components of our valuations are typically the determination of relative fair value to the buildings as if vacant, land and market value of in place leases. In the case of the fair value of buildings and fair value of land and other intangibles, our estimates of the values of these components will affect the amount of depreciation or amortization we record over the estimated useful life of the property acquired or the remaining lease term. In the case of the market value of in place leases, we make our best estimates of the tenants' ability to pay rents based upon the tenants' operating performance at the property, including the competitive position of the property in its market as well as sales psf, rents psf, and overall occupancy cost for the tenants in place at the acquisition date. Our assumptions affect the amount of future revenue that we will recognize over the remaining lease term for the acquired in place leases.

- A variety of costs are incurred in the development and leasing of properties. After determination is made to capitalize a cost, it is allocated to the specific component of a project that is benefited. Determination of when a development project is substantially complete and capitalization must cease involves judgment. The costs of land and buildings under development include specifically identifiable costs. The capitalized costs include pre construction costs essential to the development of the property, development costs, construction costs, interest costs, real estate taxes, salaries and related costs and other costs incurred during the period of development. We consider a construction project as substantially completed and held available for occupancy and cease capitalization of costs upon opening.

Results of Operations

In addition to the activity discussed above in the "Results Overview" section, the following acquisitions, dispositions, and openings of consolidated properties affected our consolidated results in the comparative periods:

- On September 27, 2018, we opened Denver Premium Outlets, a 330,000 square foot center in Thornton (Denver), Colorado. We own a 100% interest in this center.
- On September 25, 2018, we acquired the remaining 50% interest in the previously unconsolidated The Outlets at Orange in Los Angeles, California from our joint venture partner.
- During 2018, we disposed of two retail properties.
- On April 21, 2017, through our European investee, we acquired Rosada Designer Outlet, a 247,500 square foot center in Roosendaal, Netherlands. We have a 94% interest in this center.
- On April 13, 2017, through our European investee, we opened Provence Designer Outlet, a 269,000 square foot center in Miramas, France. We have a 90% interest in this new center.
- During 2016, we disposed of three retail properties.
- During the first quarter of 2016, we consolidated two Designer Outlet properties in Europe that had previously been accounted for under the equity method. During the third quarter of 2016, we consolidated two more Designer Outlet properties in Europe, which were previously accounted for under the equity method.

In addition to the activities discussed above and in "Results Overview", the following acquisitions, dispositions, and openings of joint venture properties affected our income from unconsolidated entities in the comparative periods:

- During the fourth quarter of 2018, our interest in the 41 German department store properties owned through our investment in HBS Global Properties, or HBS, was sold, as further discussed in Note 7 of the notes to the consolidated financial statements.
- During 2018, we contributed our interest in the licensing venture of Aéropostale for additional interests in Authentic Brands Group LLC, or ABG. Our noncontrolling interest in ABG is 5.4%.
- On May 2, 2018, we and our partner opened Premium Outlet Collection Edmonton International Airport, a 424,000 square foot shopping center in Edmonton (Alberta), Canada. We have a 50% noncontrolling interest in this new center.
- During 2017, we disposed of our interest in one retail property.
 - On September 14, 2017, we and our partner opened The Shops at Clearfork, a 500,000 square foot center in Fort Worth, Texas. We have a 45% noncontrolling interest in this new center.

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- On June 29, 2017, we and our partner opened Norfolk Premium Outlets, a 332,000 square foot center in Norfolk, Virginia. We have a 65% noncontrolling interest in this new center.
- On June 15, 2017, we and our partner opened Genting Highlands Premium Outlets in Kuala Lumpur, Malaysia. We have a 50% noncontrolling interest in this 278,000 square foot center.
 - On April 6, 2017, we and our partner opened Siheung Premium Outlets, a 444,400 square foot center in Siheung (Seoul), South Korea. We have a 50% noncontrolling interest in this new center.
- During 2016, we disposed of our interests in four retail properties.
- On November 3, 2016, we and our partner opened a 500,000 square foot retail component of Brickell City Centre in Miami, Florida. We have a 25% noncontrolling interest in the retail component of this center.
- On October 27, 2016, we and our partner opened Clarksburg Premium Outlets, a 392,000 square foot outlet center in Clarksburg, Maryland. We have a 66% noncontrolling interest in this new center.
- On September 15, 2016, we were part of a consortium that completed the acquisition of Aéropostale out of bankruptcy. Our noncontrolling interest in the retail operations venture is 49.05%.
- On June 24, 2016, we and our partner opened a 355,000 square foot outlet center in Columbus, Ohio. We have a 50% noncontrolling interest in this new center.
- On April 14, 2016, we acquired a 50% noncontrolling interest in The Shops at Crystals, a 262,000 square foot mall in Las Vegas, Nevada.
- On February 1, 2016, through our European investee, we and our partner acquired a 75% noncontrolling interest in an outlet center in Ochtrup, Germany.

For the purposes of the following comparisons between the years ended December 31, 2018 and 2017 and the years ended December 31, 2017 and 2016, the above transactions are referred to as the property transactions. In the following discussions of our results of operations, “comparable” refers to properties we owned and operated in both years in the year to year comparisons.

During the third quarter of 2017, two of our wholly-owned properties located in Puerto Rico sustained significant damage as a result of Hurricane Maria. For purposes of the below comparisons, these properties are also included in the property transactions due to the fact they were not open for business during the entirety of the periods being compared.

Year Ended December 31, 2018 vs. Year Ended December 31, 2017

Minimum rents increased \$48.5 million during 2018, of which the comparable rents increased \$54.7 million, or 1.6%, primarily attributable to an increase in base minimum rents, offset partially by a \$6.2 million decrease related to the property transactions. Overage rents increased \$14.7 million, or 10.0%, as a result of an increase in tenant sales.

Total other income increased \$73.6 million, primarily due to a \$35.6 million increase related to a non-cash gain associated with our contribution of our interest in the Aéropostale licensing venture for additional interests in ABG, a \$21.9 million increase in income related to distributions from an international investment, a \$17.9 million increase related to business interruption insurance proceeds received in connection with two of our Puerto Rico properties as a result of hurricane damages, a \$13.2 million increase in Simon Brand Venture and gift card revenues and a \$6.5 million increase in net other revenues, partially offset by a \$21.5 million decrease related to the sale of marketable securities during 2017.

Real estate tax expense increased \$17.7 million as a result of higher tax assessments in 2018.

General and administrative expense decreased \$5.4 million due to lower executive compensation.

Other expense decreased \$22.2 million primarily related to a decrease in legal fees and expenses of \$25.1 million and the write off of pre-development costs and other investments in 2017 of \$11.3 million, partially offset by an

unfavorable \$15.2 million non-cash mark-to-market adjustment on an investment in equity securities.

During 2017, we recorded a loss on extinguishment of debt of \$128.6 million as a result of an early redemption of a series of senior unsecured notes.

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Income and other taxes increased \$13.6 million as a result of higher tax expense due to higher net income from improved performance on our share of results in the retail operations venture of Aéropostale as compared to 2017, and increased withholding and income taxes related to certain of our international investments.

Income from unconsolidated entities increased \$75.0 million primarily due to the stronger operations of the retail operations venture of Aéropostale and favorable results of operations from our international joint venture investments and our acquisition and development activity, offset partially by our share of an early repayment charge at one of our joint venture properties.

During 2018, we recorded net gains of \$12.5 million related to property insurance recoveries of previously depreciated assets and \$276.3 million primarily related to our disposition of two retail properties, as well as the disposal of our interest in the German department stores owned through our investment in HBS, as further discussed in Note 7 of the notes to the consolidated financial statements. During 2017, we recorded a \$5.0 million gain related to Klépierre's sale of certain assets, partially offset by the disposition of our interest in one unconsolidated retail property that resulted in a loss of \$1.3 million.

Simon's net income attributable to noncontrolling interests increased \$85.3 million due to an increase in the net income of the Operating Partnership.

Year Ended December 31, 2017 vs. Year Ended December 31, 2016

Minimum rents increased \$81.5 million during 2017, of which the property transactions accounted for \$30.2 million of the increase. Comparable rents increased \$51.3 million, or 1.6%, primarily attributable to an increase in base minimum rents as well as incremental revenue from our redevelopment and expansion activity. Overage rent decreased \$14.0 million primarily as a result of an increase in the overage breakpoints as compared to 2016.

Tenant reimbursements increased \$38.1 million, due to a \$10.0 million increase attributable to the property transactions and a \$28.1 million, or 2.0%, increase in the comparable properties due to annual fixed contractual increases related to common area maintenance and real estate tax recoveries.

Management fees and other revenues decreased \$22.6 million related to final fees from Washington Prime Group, Inc. in 2016 and lower development fees as compared to 2016.

Total other income increased \$20.4 million, primarily due to a \$23.0 million increase in lease settlement income, gains on the sales of marketable securities of \$21.5 million, an \$8.4 million increase in Simon Brand Venture and gift card revenues, a \$3.0 million increase in dividend and net other revenue, and a \$2.7 million increase in land and other non-retail real estate sales, partially offset by a \$38.2 million pre-tax gain during 2016 on the sale of our interests in two multi-family residential investments.

Depreciation and amortization expense increased \$22.8 million primarily due to the additional depreciable assets related to the property transactions and our continued redevelopment and expansion activities.

Provision for credit losses increased \$4.0 million as a result of an increase in tenant bankruptcies as compared to 2016.

Home and regional office costs decreased \$23.3 million as a result of expense management and lower personnel expenses, including executive compensation.

General and administrative expenses decreased \$13.1 million due to expense management and lower personnel expenses, including executive compensation.

Other expenses increased \$14.5 million primarily due to an increase in legal fees and expenses.

Interest expense decreased \$48.2 million primarily due to the net impact of our financing activities during 2017 and 2016 and the reduction in our effective overall borrowing rate.

During 2017, we recorded a loss on extinguishment of debt of \$128.6 million as a result of an early redemption of a series of senior unsecured notes. During 2016, we recorded a loss on extinguishment of debt of \$136.8 million as a result of an early redemption of senior unsecured notes.

Income and other taxes decreased \$6.3 million primarily as a result of a taxable gain on the sale of a multi-family residential investment during 2016.

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Income from unconsolidated entities increased \$46.9 million primarily as a result of favorable results of operations from our international joint venture investments, our investment in Aéropostale and our acquisition and development activity.

During 2017, we recorded a \$5.0 million gain related to Klépierre's sale of certain assets, partially offset by the disposition of our interest in one unconsolidated retail property that resulted in a loss of \$1.3 million. During 2016, we recorded a gain related to Klépierre's sale of certain assets, our sale of three consolidated retail properties and disposition of our interests in four unconsolidated retail properties. The aggregate gain on the transactions was \$43.2 million. We also recorded a non-cash remeasurement gain of \$41.4 million related to the change in control of our interest in the European outlet properties as further discussed in Note 7 of the notes to the consolidated financial statements.

Liquidity and Capital Resources

Because we own long lived income producing assets, our financing strategy relies primarily on long term fixed rate debt. Floating rate debt comprised only 3.5% of our total consolidated debt at December 31, 2018. We also enter into interest rate protection agreements from time to time to manage our interest rate risk. We derive most of our liquidity from positive net cash flow from operations and distributions of capital from unconsolidated entities that totaled \$4.2 billion in the aggregate during 2018. The Operating Partnership has a \$4.0 billion Credit Facility, and a \$3.5 billion supplemental unsecured revolving credit facility, or Supplemental Facility, and together with the Credit Facility, the Credit Facilities. The Credit Facilities and the Commercial Paper program provide alternative sources of liquidity as our cash needs vary from time to time. Borrowing capacity under these sources may be increased as discussed further below.

Our balance of cash and cash equivalents decreased \$968.0 million during 2018 to \$514.3 million as of December 31, 2018 as further discussed in "Cash Flows" below.

On December 31, 2018, we had an aggregate available borrowing capacity of approximately \$6.6 billion under the Credit Facilities, net of outstanding borrowings of \$125.0 million, amounts outstanding under the Commercial Paper program of \$758.7 million and letters of credit of \$11.3 million. For the year ended December 31, 2018, the maximum aggregate outstanding balance under the Credit Facilities was \$423.1 million and the weighted average outstanding balance was \$238.1 million. The weighted average interest rate was 1.80% for the year ended December 31, 2018.

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

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

Cash Flows

Our net cash flow from operating activities and distributions of capital from unconsolidated entities totaled \$4.2 billion during 2018. In addition, we had net repayments from our debt financing and repayment activities of \$1.1 billion in 2018. These activities are further discussed below under "Financing and Debt." During 2018, we also:

- paid stockholder dividends and unitholder distributions totaling approximately \$2.8 billion and preferred unit distributions totaling \$5.3 million,
- funded consolidated capital expenditures of \$781.9 million (including development and other costs of \$86.8 million, redevelopment and expansion costs of \$418.9 million, and tenant costs and other operational capital expenditures of \$276.2 million),
- funded investments in unconsolidated entities of \$63.4 million,
- received insurance proceeds from third-party carriers for property restoration, remediation, and business interruption from hurricane damages in Puerto Rico of \$56.6 million,
 - received proceeds on the sale of certain assets related to our noncontrolling interest in a joint venture of \$183.2 million, and

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- funded the repurchase of \$354.1 million of Simon's common stock and the redemption of \$81.5 million of the Operating Partnership's units.

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

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

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

Financing and Debt

Unsecured Debt

At December 31, 2018, our unsecured debt consisted of \$15.6 billion of senior unsecured notes of the Operating Partnership, \$125.0 million outstanding under the Credit Facility, and \$758.7 million outstanding under the Commercial Paper program.

On December 31, 2018, we had an aggregate available borrowing capacity of \$6.6 billion under the Credit Facilities. The maximum aggregate outstanding balance under the Credit Facilities during the year ended December 31, 2018 was \$423.1 million and the weighted average outstanding balance was \$238.1 million. Letters of credit of \$11.3 million were outstanding under the Credit Facilities as of December 31, 2018.

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

On February 15, 2018, the Operating Partnership amended and extended the Supplemental Facility. The Supplemental Facility's initial borrowing capacity of \$3.5 billion may be increased to \$4.5 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. The initial maturity date of the Supplemental Facility was extended to June 30, 2022 and can be extended for an additional year to June 30, 2023 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Supplemental Facility was reduced to LIBOR plus 77.5 basis points from LIBOR plus 80 basis points, with an additional facility fee of 10 basis points.

The Operating Partnership also has available a Commercial Paper program. On November 14, 2018, we amended the Commercial Paper program to increase the initial borrowing capacity of \$1.0 billion to \$2.0 billion, or the non-U.S.

dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes will be sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On December 31, 2018, we had \$758.7 million outstanding under the Commercial Paper program, fully comprised of U.S. dollar denominated notes with a weighted

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average interest rate of 2.49%. These borrowings have a weighted average maturity date of February 20, 2019 and reduce amounts otherwise available under the Credit Facilities.

On January 3, 2018, the Operating Partnership redeemed at par \$750.0 million of senior unsecured notes with a fixed interest rate of 1.50%.

On July 10, 2018, the Operating Partnership repaid Yen-denominated borrowings of \$201.3 million (U.S. dollar equivalent) on the Credit Facility.

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

Mortgage Debt

Total mortgage indebtedness was \$6.8 billion and \$6.9 billion at December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018, we repaid a mortgage loan of \$86.6 million with an interest rate of 7.79%.

On July 30, 2018, Noventa di Piave Designer Outlet, in which we own a 90% interest, refinanced its €110.0 million, 1.68% variable rate mortgage loan maturing in 2020 with a €260.0 million, 2.00% fixed rate mortgage loan that matures in 2025.

On September 25, 2018, as discussed in Note 7 of the notes to the consolidated financial statements, we acquired the remaining 50% interest in The Outlets at Orange from our joint venture partner, resulting in the consolidation of the existing fixed rate mortgage loan of \$215.0 million. The loan matures on April 1, 2024 and bears interest at 4.22%.

Covenants

Our unsecured debt agreements contain financial covenants and other non financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of December 31, 2018, we were in compliance with all covenants of our unsecured debt.

At December 31, 2018, our consolidated subsidiaries were the borrowers under 45 non recourse mortgage notes secured by mortgages on 48 properties, including two separate pools of cross defaulted and cross collateralized mortgages encumbering a total of five properties. Under these cross default provisions, a default under any mortgage included in the cross defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At December 31, 2018, the applicable borrowers under these non recourse mortgage notes were in compliance with all covenants where non compliance could individually or in the aggregate, giving effect to applicable cross default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

Summary of Financing

Our consolidated debt, adjusted to reflect outstanding derivative instruments, and the effective weighted average interest rates as of December 31, 2018 and 2017, consisted of the following (dollars in thousands):

| | Adjusted Balance as of December 31, 2018 | Effective Weighted Average Interest Rate(1) | Adjusted Balance as of December 31, 2017 | Effective Weighted Average Interest Rate(1) |
|-------------------------------|--|--|--|--|
| Debt Subject to Fixed Rate | \$ 22,461,191 | 3.37% | \$ 23,443,152 | 3.30% |
| Variable Rate | 844,344 | 3.17% | 1,189,311 | 2.19% |
| | \$ 23,305,535 | 3.35% | \$ 24,632,463 | 3.25% |

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

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Contractual Obligations and Off-balance Sheet Arrangements

In regards to long term debt arrangements, the following table summarizes the material aspects of these future obligations on our consolidated indebtedness as of December 31, 2018, and subsequent years thereafter (dollars in thousands) assuming the obligations remain outstanding through initial maturities:

| | 2019 | 2020 - 2021 | 2022 - 2023 | After 2023 | Total |
|----------------------------------|--------------|--------------|--------------|---------------|---------------|
| Long Term Debt (1) (5) | \$ 1,416,309 | \$ 5,119,313 | \$ 5,465,812 | \$ 11,365,890 | \$ 23,367,324 |
| Interest Payments (2) | 766,903 | 1,392,182 | 978,601 | 2,734,563 | 5,872,249 |
| Consolidated Capital Expenditure | | | | | |
| Commitments (3) | 474,296 | — | — | — | 474,296 |
| Lease Commitments (4) | 32,417 | 65,089 | 65,427 | 947,886 | 1,110,819 |

- (1) Represents principal maturities only and, therefore, excludes net discounts and debt issuance costs.
(2) Variable rate interest payments are estimated based on the LIBOR or other applicable rate at December 31, 2018.
(3) Represents contractual commitments for capital projects and services at December 31, 2018. Our share of estimated 2018 development, redevelopment and expansion activity is further discussed below under “Development Activity”.
(4) Represents only the minimum non cancellable lease period, excluding applicable lease extension and renewal options, unless reasonably certain of exercise.
(5) The amount due in 2019 includes \$758.7 million in Global Commercial Paper-USD and \$600.0 million of senior unsecured notes repaid at maturity on February 1, 2019.

Our off balance sheet arrangements consist primarily of our investments in joint ventures which are common in the real estate industry and are described in Note 7 of the notes to the consolidated financial statements. Our joint ventures typically fund their cash needs through secured debt financings obtained by and in the name of the joint venture entity. The joint venture debt is secured by a first mortgage, is without recourse to the joint venture partners, and does not represent a liability of the partners, except to the extent the partners or their affiliates expressly guarantee the joint venture debt. As of December 31, 2018, the Operating Partnership guaranteed joint venture-related mortgage indebtedness of \$216.1 million (of which we have a right of recovery from our venture partners of \$10.8 million as of December 31, 2018). Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which has an estimated fair value in excess of the guaranteed amount. We may elect to fund cash needs of a joint venture through equity contributions (generally on a basis proportionate to our ownership interests), advances or partner loans, although such fundings are not required contractually or otherwise.

Hurricane Impacts

As discussed further in Note 11 of the notes to the consolidated financial statements, during the third quarter of 2017, two of our wholly-owned properties located in Puerto Rico experienced property damage and business interruption as a result of the hurricane.

Since the date of the loss, we have received \$56.6 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which \$38.7 million was used for property restoration and remediation and to reduce the insurance recovery receivable. In 2018, we recorded \$17.9 million as business interruption proceeds in other income in the accompanying consolidated statements of operations and comprehensive income.

Subsequent Event

Subsequent to December 31, 2018, we settled a lawsuit with our former insurance broker, Aon Risk Services Central Inc., related to the significant flood damage sustained at Opry Mills in May 2010. In accordance with a previous agreement with the prior co-investor in Opry Mills, a portion of the settlement was remitted to the co-investor. Our share of the settlement was approximately \$68.0 million, which was recorded as other income in the first quarter of 2019.

Acquisitions and Dispositions

Buy sell, marketing rights, and other exit mechanisms are common in real estate partnership agreements. Most of our partners are institutional investors who have a history of direct investment in retail real estate. We and our partners in our joint venture properties may initiate these provisions (subject to any applicable lock up or similar restrictions). If we

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determine it is in our best interests for us to purchase the joint venture interest and we believe we have adequate liquidity to execute the purchase without hindering our cash flows, then we may initiate these provisions or elect to buy our partner's interest. If we decide to sell any of our joint venture interests, we expect to use the net proceeds to reduce outstanding indebtedness or to reinvest in development, redevelopment, or expansion opportunities.

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

On April 21, 2017, we and our partner, through our European investee acquired a 100% interest in an outlet center in Roosendaal, Netherlands for cash consideration of \$69.8 million and the assumption of existing mortgage debt of \$40.1 million. In May 2017, the assumed loan was refinanced with a \$69.0 million mortgage loan due in 2024, after available extension options, with an interest rate of EURIBOR plus 1.85%.

In February 2016, this European investee, acquired a noncontrolling 75% ownership interest in an outlet center in Ochtrup, Germany for cash consideration of approximately \$38.3 million. On July 25, 2016, this European investee also acquired the remaining 33% interest in two Italian outlet centers in Naples and Venice as well as the remaining interests in related expansion projects and working capital for cash consideration of approximately \$159.7 million. This resulted in the consolidation of these two properties on the acquisition date, requiring a remeasurement of our previously held equity interest to fair value and the recognition of a non-cash gain of \$29.3 million in earnings during the third quarter of 2016.

On April 14, 2016, we and our joint venture partner completed the acquisition of The Shops at Crystals, a 262,000 square foot luxury shopping center on the Las Vegas Strip, for \$1.1 billion. The transaction was funded with a combination of cash on hand, cash from our partner, and a \$550.0 million 3.74% fixed-rate mortgage loan that will mature on July 1, 2026. We have a 50% noncontrolling interest in this joint venture and manage the day-to-day operations.

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

During 2018, we recorded net gains of \$288.8 million primarily related to disposition activity which included the foreclosure of two consolidated retail properties in satisfaction of their \$200.0 million and \$80.0 million non-recourse mortgage loans and, as discussed in Note 7 of the notes to the consolidated financial statements, our interest in the German department store properties owned through our investment in HBS was sold during the fourth quarter of 2018. Also, as discussed further in Note 7 of the notes to the consolidated financial statements, Klépierre disposed of its interests in certain shopping centers resulting in a gain of which our share was \$20.2 million.

During 2017, we disposed of our interests in one unconsolidated retail property. The loss recognized on this transaction was approximately \$1.3 million. As discussed in Note 7 of the notes to the consolidated financial statements, Klépierre disposed of its interests in certain shopping centers, resulting in a gain of which our share was \$5.0 million.

During 2016, we disposed of our interests in two unconsolidated multi-family residential investments, three consolidated retail properties, and four unconsolidated retail properties. Our share of the gross proceeds from these transactions was \$81.8 million. The gain on the consolidated retail properties was \$12.4 million. The gain on the unconsolidated retail properties was \$22.6 million. The aggregate gain of \$36.2 million from the sale of the two unconsolidated multi-family residential investments is included in other income and resulted in an additional \$7.2 million in taxes included in income and other taxes. As discussed in Note 7 of the notes to the consolidated financial

statements, Klépierre disposed of its interest in certain Scandinavian properties during the fourth quarter, resulting in a gain of which our share was \$8.1 million.

Joint Venture Formation Activity

On September 15, 2016, we and a group of co-investors acquired certain assets and liabilities of Aéropostale, a retailer of apparel and accessories, out of bankruptcy. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. In April 2018, we contributed our entire interest in the licensing venture in exchange for additional interests in ABG, a brand development, marketing, and entertainment company. As a result, we recognized a \$35.6 million non-cash gain representing the increase in value of our previously held interest in the licensing venture, which is included in other income in the accompanying consolidated statements of operations and comprehensive income. At December 31, 2018, our noncontrolling equity method interests in the operations venture of Aéropostale and in ABG were 45.0% and 5.4%, respectively.

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We have a 50% noncontrolling interest in a joint venture with Seritage Growth Properties, or Seritage, which originally held an interest in ten Sears properties located in our malls. On November 3, 2017, we acquired additional interests in the real estate assets and/or rights to terminate leases related to twelve Sears stores located at our malls (including five stores previously held in our joint venture with Seritage), in order to redevelop these properties. Our cost of this transaction after partner participation was \$149.1 million, which is reflected as investment property.

Development Activity

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

Our share of the costs of all new development, redevelopment and expansion projects currently under construction is approximately \$1.3 billion. We expect to fund these capital projects with cash flows from operations. Our estimated stabilized return on invested capital typically ranges between 6-10% for all our new development, redevelopment and expansion projects.

Summary of Capital Expenditures. The following table summarizes total capital expenditures on consolidated properties on a cash basis (in millions):

| | 2018 | 2017 | 2016 |
|----------------------------------|--------|--------|--------|
| New Developments | \$ 87 | \$ 61 | \$ 103 |
| Redevelopments and Expansions | 419 | 474 | 487 |
| Tenant Allowances | 144 | 127 | 110 |
| Operational Capital Expenditures | 132 | 70 | 98 |
| Total | \$ 782 | \$ 732 | \$ 798 |

New Domestic Developments, Redevelopments and Expansions

On September 25, 2018, we opened Denver Premium Outlets, a 330,000 square foot center in Thornton (Denver), Colorado. We own a 100% interest in this project. The cost of this project was \$128.6 million.

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International Development Activity

We typically reinvest net cash flow from our international joint ventures to fund future international development activity. We believe this strategy mitigates some of the risk of our initial investment and our exposure to changes in foreign currencies. We have also funded most of our foreign investments with local currency denominated borrowings that act as a natural hedge against fluctuations in exchange rates. Our consolidated net income exposure to changes in the volatility of the Euro, Yen, Won, and other foreign currencies is not material. We expect our share of international development costs for 2019 will be approximately \$180 million, primarily funded through reinvested joint venture cash flow and construction loans.

The following table describes recently completed and new development and expansion projects as well as our share of the estimated total cost as of December 31, 2018 (in millions):

| Property | Location | Gross Leasable Area (sqft) | Our Ownership Percentage | Our Share of Projected Net Cost (in Local Currency) | Our Share of Projected Net Cost (in USD) (1) | Projected Opening Date |
|--|-------------------------------------|----------------------------|--------------------------|---|--|------------------------|
| New Development Projects: | | | | | | |
| Premium Outlet Collection - Edmonton International Airport | Edmonton (Alberta), Canada | 424,000 | 50% | CAD 108.2 | \$ 79.3 | Opened May - 2018 |
| Querétaro Premium Outlets | Querétaro, Mexico | 294,000 | 50% | MXN 441.7 | \$ 22.5 | Jul. - 2019 |
| Málaga Designer Outlet | Málaga, Spain | 191,000 | 46% | EUR 41.4 | \$ 47.4 | Jul. - 2019 |
| Cannock Designer Outlet | Cannock (West Midlands), U.K. | 197,000 | 20% | GBP 26.5 | \$ 33.7 | May - 2020 |
| Expansions: | | | | | | |
| Shisui Premium Outlets Phase 3 | Shisui (Chiba), Japan | 68,000 | 40% | JPY 1,541 | \$ 14.0 | Opened Sep. - 2018 |
| Toronto Premium Outlets Phase 2 | Toronto (Ontario), Canada | 140,000 | 50% | CAD 66.4 | \$ 48.7 | Opened Nov. - 2018 |
| Johor Premium Outlets Phase 3 | Kulai, Malaysia | 45,000 | 50% | MYR 14.4 | \$ 3.5 | Opened Dec. - 2018 |
| Vancouver Designer Outlet Phase 2 | Richmond (British Columbia), Canada | 84,000 | 46% | CAD 26.9 | \$ 19.8 | Jul. - 2019 |
| Paju Premium Outlets Phase 3 | Gyeonggi Province, South Korea | 116,000 | 50% | KRW 26,905 | \$ 24.2 | Aug. - 2019 |

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| | | | | | | | |
|--|----------------------------------|---------|-----|-----|-------|---------|-------------|
| Ashford Designer Outlet Phase 2 | Ashford, U.K | 98,000 | 46% | GBP | 43.0 | \$ 54.8 | Oct. - 2019 |
| Noventa di Piave Designer Outlet Phase 5 | Noventa di Piave (Venice), Italy | 29,000 | 92% | EUR | 21.4 | \$ 24.5 | Oct. - 2019 |
| Tosu Premium Outlets Phase 4 | Tosu City, Japan | 38,000 | 40% | JPY | 964 | \$ 8.8 | Nov. - 2019 |
| Gotemba Premium Outlets Phase 4 | Gotemba, Japan | 178,000 | 40% | JPY | 7,476 | \$ 68.0 | Apr. - 2020 |

(1) USD equivalent based upon December 31, 2018 foreign currency exchange rates.

Dividends, Distributions and Stock Repurchase Program

Simon paid a common stock dividend of \$2.00 per share in the fourth quarter of 2018 and \$7.90 per share for the year ended December 31, 2018. The Operating Partnership paid distributions per unit for the same amounts. In 2017, Simon paid dividends of \$1.85 and \$7.15 per share for the three and twelve month periods ended December 31, 2017, respectively. The Operating Partnership paid distributions per unit for the same amounts. Simon's Board of Directors declared a quarterly cash dividend for the first quarter of 2019 of \$2.05 per share of common stock payable on February 28, 2019 to stockholders of record on February 14, 2019. The distribution rate on units is equal to the dividend rate on common stock. In order to maintain its status as a REIT, Simon must pay a minimum amount of dividends. Simon's future dividends and the Operating Partnership's future distributions will be determined by Simon's Board of Directors, in its sole discretion, based on actual and projected financial condition, liquidity and results of operations, cash available for dividends and limited partner distributions, cash reserves as deemed necessary for capital and operating expenditures, financing covenants, if any, and the amount required to maintain Simon's status as a REIT.

On April 2, 2015, Simon's Board of Directors authorized Simon to repurchase up to \$2.0 billion of common stock over a twenty-four month period as market conditions warrant, and on February 13, 2017, Simon's Board of Directors authorized a two-year extension of the program through March 31, 2019. Simon may repurchase the shares in the open market or in privately negotiated transactions as market conditions warrant. During the year ended December 31, 2018, Simon repurchased 2,275,194 shares at an average price of \$155.64 per share of its common stock as part of this program.

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During the year ended December 31, 2017, Simon repurchased 2,468,630 shares at an average price of \$164.87 per share as part of this program. At December 31, 2018, we had remaining authority to repurchase approximately \$640.6 million of common stock. As Simon repurchases shares under this program, the Operating Partnership repurchases an equal number of units from Simon.

On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new program, the Company may purchase up to \$2.0 billion of its common stock during the two-year period ending February 11, 2021.

Forward Looking Statements

Certain statements made in this section or elsewhere in this Annual Report on Form 10-K may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although we believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, we can give no assurance that our expectations will be attained, and it is possible that our actual results may differ materially from those indicated by these forward-looking statements due to a variety of risks, uncertainties and other factors. Such factors include, but are not limited to: changes in economic and market conditions that may adversely affect the general retail environment; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; decreases in market rental rates; the intensely competitive market environment in the retail industry; the inability to lease newly developed properties and renew leases and relet space at existing properties on favorable terms; risks related to international activities, including, without limitation, the impact, if any, of the United Kingdom's exit from the European Union; changes to applicable laws or regulations or the interpretation thereof; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; general risks related to real estate investments, including the illiquidity of real estate investments; the impact of our substantial indebtedness on our future operations; any disruption in the financial markets that may adversely affect our ability to access capital for growth and satisfy our ongoing debt service requirements; any change in our credit rating; changes in market rates of interest and foreign exchange rates for foreign currencies; changes in the value of our investments in foreign entities; our ability to hedge interest rate and currency risk; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks relating to our joint venture properties; environmental liabilities; changes in insurance costs, the availability of comprehensive insurance coverage; security breaches that could compromise our information technology or infrastructure; natural disasters; the potential for terrorist activities; and the loss of key management personnel. We discussed these and other risks and uncertainties under the heading "Risk Factors" in Part I, Item 1A of this Annual Report on Form 10-K. We may update that discussion in subsequent other periodic reports, but, except as required by law, we undertake no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

Non GAAP Financial Measures

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

We determine FFO based on the definition set forth by the National Association of Real Estate Investment Trusts, or NAREIT, as consolidated net income computed in accordance with GAAP:

- excluding real estate related depreciation and amortization,

- excluding gains and losses from extraordinary items and cumulative effects of accounting changes,
- excluding gains and losses from the sale, disposal or property insurance recoveries of previously depreciated retail operating properties,
- excluding impairment charges of depreciable real estate,
- plus the allocable portion of FFO of unconsolidated entities accounted for under the equity method of accounting based upon economic ownership interest, and
- all determined on a consistent basis in accordance with GAAP.

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We have adopted NAREIT's clarification of the definition of FFO that requires us to include the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting changes, or a gain or loss resulting from the sale, disposal or property insurance recoveries of, or any impairment related to, previously depreciated retail operating properties.

We include in FFO gains and losses realized from the sale of land, outlot buildings, equity instruments, and investment holdings of non retail real estate. We also include in FFO the impact of foreign currency exchange gains and losses, legal expenses, transaction expenses and other items required by GAAP.

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

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

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

| | 2018 | 2017 | 2016 |
|---|----------------|--------------|--------------|
| | (in thousands) | | |
| Funds from Operations (A) | \$ 4,324,601 | \$ 4,020,505 | \$ 3,792,951 |
| Change in FFO from prior period | 7.6 % | 6.0 % | 6.2 % |
| Consolidated Net Income | \$ 2,822,343 | \$ 2,244,903 | \$ 2,134,706 |
| Adjustments to Arrive at FFO: | | | |
| Depreciation and amortization from consolidated properties | 1,270,888 | 1,260,865 | 1,236,476 |
| Our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS | 533,595 | 540,718 | 527,976 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net (B) | (282,211) | (3,647) | (80,154) |
| Unrealized change in fair value of equity instruments | 15,212 | — | — |
| Net income attributable to noncontrolling interest holders in properties | (11,327) | (13) | (7,218) |
| Noncontrolling interests portion of depreciation and amortization | (18,647) | (17,069) | (13,583) |
| Preferred distributions and dividends | (5,252) | (5,252) | (5,252) |
| FFO of the Operating Partnership (A) | \$ 4,324,601 | \$ 4,020,505 | \$ 3,792,951 |
| FFO allocable to limited partners | 568,817 | 529,595 | 512,361 |
| Dilutive FFO allocable to common stockholders (A) | \$ 3,755,784 | \$ 3,490,910 | \$ 3,280,590 |
| Diluted net income per share to diluted FFO per share reconciliation: | | | |
| Diluted net income per share | \$ 7.87 | \$ 6.24 | \$ 5.87 |
| Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre and HBS, net of noncontrolling interests portion of depreciation and amortization | 5.01 | 4.98 | 4.84 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net (B) | (0.79) | (0.01) | (0.22) |
| Unrealized change in fair value of equity instruments | 0.04 | — | — |
| Diluted FFO per share (A) | \$ 12.13 | \$ 11.21 | \$ 10.49 |
| Basic and Diluted weighted average shares outstanding | 309,627 | 311,517 | 312,691 |
| Weighted average limited partnership units outstanding | 46,893 | 47,260 | 48,836 |
| Basic and Diluted weighted average shares and units outstanding | 356,520 | 358,777 | 361,527 |

(A) Includes FFO of the Operating Partnership related to a loss on extinguishment of debt of \$128.6 million and \$136.8 million for the years ended December 31, 2017 and 2016, respectively. Includes Diluted FFO per share/unit related to a loss on extinguishment of debt of \$0.36 and \$0.38 for the years ended December 31, 2017 and 2016, respectively. Includes Diluted FFO allocable to common stockholders related to a loss on extinguishment of debt of \$111.7 million and \$118.3 million for the years ended December 31, 2017 and 2016, respectively.

- (B) Includes gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net of \$288.8 million and \$84.6 million for the years ended December 31, 2018 and 2016, respectively. Noncontrolling interest portion of the gain was \$6.6 million, or \$0.02 per diluted share/unit, and \$4.4 million, or \$0.01 per diluted share/unit, for the years ended December 31, 2018 and 2016, respectively.

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

| | For the Year Ended December 31, 2018 2017 (in thousands) | |
|--|--|--------------|
| Reconciliation of NOI of consolidated entities: | | |
| Consolidated Net Income | \$ 2,822,343 | \$ 2,244,903 |
| Income and other taxes | 36,898 | 23,343 |
| Interest expense | 815,923 | 809,393 |
| Income from unconsolidated entities | (475,250) | (400,270) |
| Loss on extinguishment of debt | — | 128,618 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (288,827) | (3,647) |
| Operating Income Before Other Items | 2,911,087 | 2,802,340 |
| Depreciation and amortization | 1,282,454 | 1,275,452 |
| Home and regional office costs | 136,677 | 135,150 |
| General and administrative | 46,543 | 51,972 |
| NOI of consolidated entities | \$ 4,376,761 | \$ 4,264,914 |
| Reconciliation of NOI of unconsolidated entities: | | |
| Net Income | \$ 876,412 | \$ 839,226 |
| Interest expense | 663,693 | 593,062 |
| (Gain) loss on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net | (33,367) | 2,239 |
| Operating Income Before Other Items | 1,506,738 | 1,434,527 |
| Depreciation and amortization | 652,968 | 640,286 |
| NOI of unconsolidated entities | \$ 2,159,706 | \$ 2,074,813 |
| Add: Our share of NOI from Klépierre, HBS, and other corporate investments | 316,155 | 279,028 |
| Combined NOI | \$ 6,852,622 | \$ 6,618,755 |
| Less: Corporate and Other NOI Sources (1) | 389,092 | 386,895 |
| Portfolio NOI | \$ 6,463,530 | \$ 6,231,860 |
| Portfolio NOI Growth | 3.7 | % |
| Less: Our share of NOI from Klépierre, HBS, and other corporate investments | 316,155 | 279,028 |
| Less: International Properties (2) | 506,205 | 427,184 |
| Less: NOI from New Development, Redevelopment, Expansion and Acquisitions (3) | 72,212 | 79,283 |
| Comparable Property NOI (4) | \$ 5,568,958 | \$ 5,446,365 |
| Comparable Property NOI Growth | 2.3 | % |

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- (1) Includes income components excluded from portfolio NOI and comparable property NOI (domestic lease termination income, interest income, land sale gains, straight line rent, above/below market lease adjustments), gains on sale of equity instruments, unrealized gains and losses on equity instruments, Simon management company revenues, and other assets.
- (2) Includes International Premium Outlets (except for Canadian International Premium Outlets included in comparable property NOI), International Designer Outlets and distributions from other international investments.
- (3) Includes total property NOI for properties undergoing redevelopment as well as incremental NOI for expansion properties not yet included in comparable properties.

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

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Item 7A. Qualitative and Quantitative Disclosures About Market Risk

Our exposure to market risk due to changes in interest rates primarily relates to our long term debt obligations. We manage exposure to interest rate market risk through our risk management strategy by a combination of interest rate protection agreements to effectively fix or cap a portion of variable rate debt. We are also exposed to foreign currency risk on financings of certain foreign operations. Our intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. We do not enter into either interest rate protection or foreign currency rate protection agreements for speculative purposes.

We may enter into treasury lock agreements as part of anticipated issuances of senior notes. Upon completion of the debt issuance, the cost of these instruments is recorded as part of accumulated other comprehensive income (loss) and is amortized to interest expense over the life of the debt agreement.

Our future earnings, cash flows and fair values relating to financial instruments are dependent upon prevalent market rates of interest, primarily LIBOR. Based upon consolidated indebtedness and interest rates at December 31, 2018, a 50 basis point increase in the market rates of interest would decrease future earnings and cash flows by approximately \$4.3 million, and would decrease the fair value of debt by approximately \$620.7 million.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Stockholders and the Board of Directors of Simon Property Group, Inc.:

Opinion on Internal Control over Financial Reporting

We have audited Simon Property Group, Inc.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). In our opinion, Simon Property Group, Inc. (the Company) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated February 22, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have

a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Indianapolis, Indiana
February 22, 2019

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Report of Independent Registered Public Accounting Firm

The Stockholders and the Board of Directors of Simon Property Group, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Simon Property Group, Inc. (the Company) as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 22, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2002.

Indianapolis, Indiana
February 22, 2019

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Report of Independent Registered Public Accounting Firm

The Partners of Simon Property Group, L.P. and the Board of Directors of Simon Property Group, Inc.:

Opinion on Internal Control over Financial Reporting

We have audited Simon Property Group, L.P.'s internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) (the COSO criteria). In our opinion, Simon Property Group, L.P. (the Partnership) maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Partnership as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018, and the related notes and financial statement schedule listed in the Index at Item 15(a), and our report dated February 22, 2019 expressed an unqualified opinion thereon.

Basis for Opinion

The Partnership's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Partnership's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Ernst & Young LLP

Indianapolis, Indiana

February 22, 2019

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Report of Independent Registered Public Accounting Firm

The Partners of Simon Property Group, L.P. and the Board of Directors of Simon Property Group, Inc.:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Simon Property Group, L.P. (the Partnership) as of December 31, 2018 and 2017, the related consolidated statements of operations and comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2018 and the related notes and financial statement schedule listed in the Index at Item 15(a) (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Partnership's internal control over financial reporting as of December 31, 2018, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework) and our report dated February 22, 2019, expressed an unqualified opinion thereon.

Basis for Opinion

These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the Partnership's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Partnership in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Partnership's auditor since 2002.

Indianapolis, Indiana

February 22, 2019

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Simon Property Group, Inc.

Consolidated Balance Sheets

(Dollars in thousands, except share amounts)

| | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 37,092,670 | \$ 36,393,464 |
| Less - accumulated depreciation | 12,884,539 | 11,935,949 |
| | 24,208,131 | 24,457,515 |
| Cash and cash equivalents | 514,335 | 1,482,309 |
| Tenant receivables and accrued revenue, net | 763,815 | 742,672 |
| Investment in unconsolidated entities, at equity | 2,220,414 | 2,266,483 |
| Investment in Klépierre, at equity | 1,769,488 | 1,934,676 |
| Deferred costs and other assets | 1,210,040 | 1,373,983 |
| Total assets | \$ 30,686,223 | \$ 32,257,638 |
| LIABILITIES: | | |
| Mortgages and unsecured indebtedness | \$ 23,305,535 | \$ 24,632,463 |
| Accounts payable, accrued expenses, intangibles, and deferred revenues | 1,316,861 | 1,269,190 |
| Cash distributions and losses in unconsolidated entities, at equity | 1,536,111 | 1,406,378 |
| Other liabilities | 500,597 | 520,363 |
| Total liabilities | 26,659,104 | 27,828,394 |
| Commitments and contingencies | | |
| Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties | 230,163 | 190,480 |
| EQUITY: | | |
| Stockholders' Equity | | |
| Capital stock (850,000,000 total shares authorized, \$0.0001 par value, 238,000,000 shares of excess common stock, 100,000,000 authorized shares of preferred stock): | | |
| Series J 83/8% cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding with a liquidation value of \$39,847 | 42,748 | 43,077 |
| Common stock, \$0.0001 par value, 511,990,000 shares authorized, 320,411,571 and 320,322,774 issued and outstanding, respectively | 32 | 32 |
| Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding | — | — |
| Capital in excess of par value | 9,700,418 | 9,614,748 |
| Accumulated deficit | (4,893,069) | (4,782,173) |
| Accumulated other comprehensive loss | (126,017) | (110,453) |
| Common stock held in treasury, at cost, 11,402,103 and 9,163,920 shares, respectively | (1,427,431) | (1,079,063) |
| Total stockholders' equity | 3,296,681 | 3,686,168 |
| Noncontrolling interests | 500,275 | 552,596 |
| Total equity | 3,796,956 | 4,238,764 |
| Total liabilities and equity | \$ 30,686,223 | \$ 32,257,638 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, Inc.

Consolidated Statements of Operations and Comprehensive Income

(Dollars in thousands, except per share amounts)

| | For the Year Ended December 31, | | |
|--|------------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| REVENUE: | | | |
| Minimum rent | \$ 3,488,522 | \$ 3,440,009 | \$ 3,358,498 |
| Overage rent | 162,189 | 147,471 | 161,508 |
| Tenant reimbursements | 1,520,340 | 1,532,923 | 1,494,804 |
| Management fees and other revenues | 116,286 | 121,259 | 143,875 |
| Other income | 370,582 | 296,978 | 276,544 |
| Total revenue | 5,657,919 | 5,538,640 | 5,435,229 |
| EXPENSES: | | | |
| Property operating | 450,636 | 443,177 | 432,394 |
| Depreciation and amortization | 1,282,454 | 1,275,452 | 1,252,673 |
| Real estate taxes | 457,740 | 440,003 | 439,030 |
| Repairs and maintenance | 99,588 | 96,900 | 99,723 |
| Advertising and promotion | 151,241 | 150,865 | 142,801 |
| Provision for credit losses | 12,631 | 11,304 | 7,319 |
| Home and regional office costs | 136,677 | 135,150 | 158,406 |
| General and administrative | 46,543 | 51,972 | 65,082 |
| Other | 109,322 | 131,477 | 116,973 |
| Total operating expenses | 2,746,832 | 2,736,300 | 2,714,401 |
| OPERATING INCOME BEFORE OTHER ITEMS | 2,911,087 | 2,802,340 | 2,720,828 |
| Interest expense | (815,923) | (809,393) | (857,554) |
| Loss on extinguishment of debt | — | (128,618) | (136,777) |
| Income and other taxes | (36,898) | (23,343) | (29,678) |
| Income from unconsolidated entities | 475,250 | 400,270 | 353,334 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | 288,827 | 3,647 | 84,553 |
| CONSOLIDATED NET INCOME | 2,822,343 | 2,244,903 | 2,134,706 |
| Net income attributable to noncontrolling interests | 382,285 | 296,941 | 295,810 |
| Preferred dividends | 3,337 | 3,337 | 3,337 |
| NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS | \$ 2,436,721 | \$ 1,944,625 | \$ 1,835,559 |
| BASIC AND DILUTED EARNINGS PER COMMON SHARE: | | | |
| Net income attributable to common stockholders | \$ 7.87 | \$ 6.24 | \$ 5.87 |
| Consolidated Net Income | \$ 2,822,343 | \$ 2,244,903 | \$ 2,134,706 |
| Unrealized gain (loss) on derivative hedge agreements | 21,633 | (35,112) | 39,472 |
| Net loss (gain) reclassified from accumulated other comprehensive loss into earnings | 7,020 | (12,122) | 149,622 |
| Currency translation adjustments | (47,038) | 45,766 | (28,646) |

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| | | | |
|---|--------------|--------------|--------------|
| Changes in available-for-sale securities and other | 373 | 5,733 | 3,192 |
| Comprehensive income | 2,804,331 | 2,249,168 | 2,298,346 |
| Comprehensive income attributable to noncontrolling interests | 379,837 | 297,534 | 320,890 |
| Comprehensive income attributable to common stockholders | \$ 2,424,494 | \$ 1,951,634 | \$ 1,977,456 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, Inc.

Consolidated Statements of Cash Flows

(Dollars in thousands)

| | For the Year Ended December 31, | | |
|--|------------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Consolidated Net Income | \$ 2,822,343 | \$ 2,244,903 | \$ 2,134,706 |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,349,776 | 1,357,351 | 1,327,946 |
| Loss on debt extinguishment | — | 128,618 | 136,777 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (288,827) | (3,647) | (84,553) |
| Pre-development project cost charge | — | — | 31,490 |
| Gains on sales of marketable securities | — | (21,541) | — |
| Unrealized change in fair value of equity instruments | 15,212 | — | — |
| Gain on interest in unconsolidated entity (Note 7) | (35,621) | — | — |
| Straight-line rent | (18,325) | (26,543) | (46,656) |
| Equity in income of unconsolidated entities | (475,250) | (400,270) | (353,334) |
| Distributions of income from unconsolidated entities | 390,137 | 374,101 | 331,627 |
| Changes in assets and liabilities | | | |
| Tenant receivables and accrued revenue, net | (17,518) | (26,170) | 16,277 |
| Deferred costs and other assets | (75,438) | (132,945) | (43,797) |
| Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities | 84,307 | 99,931 | (77,789) |
| Net cash provided by operating activities | 3,750,796 | 3,593,788 | 3,372,694 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisitions | (51,060) | (264,488) | (499,976) |
| Funding of loans to related parties | (4,641) | (71,532) | — |
| Repayments of loans to related parties | — | — | 8,207 |
| Capital expenditures, net | (781,909) | (732,100) | (798,465) |
| Cash impact from the consolidation of properties | 11,276 | 7,536 | 59,994 |
| Net proceeds from sale of assets | 183,241 | 19,944 | 36,558 |
| Investments in unconsolidated entities | (63,397) | (157,173) | (312,160) |
| Purchase of marketable and non-marketable securities | (21,563) | (25,000) | (38,809) |
| Proceeds from sales of marketable and non-marketable securities | 25,000 | 56,268 | 42,600 |
| Insurance proceeds for property restoration | 19,083 | — | — |
| Distributions of capital from unconsolidated entities and other | 447,464 | 405,078 | 533,025 |
| Net cash used in investing activities | (236,506) | (761,467) | (969,026) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Proceeds from sales of common stock and other, net of transaction costs | (329) | (328) | (328) |
| | (2,911) | (2,789) | (4,299) |

| | | | |
|--|-------------|--------------|--------------|
| Purchase of shares related to stock grant recipients' tax withholdings | | | |
| Redemption of limited partner units | (81,506) | — | — |
| Purchase of treasury stock | (354,108) | (407,002) | (255,267) |
| Distributions to noncontrolling interest holders in properties | (76,963) | (11,295) | (9,731) |
| Contributions from noncontrolling interest holders in properties | 161 | 382 | 1,507 |
| Preferred distributions of the Operating Partnership | (1,915) | (1,915) | (1,915) |
| Distributions to stockholders and preferred dividends | (2,449,071) | (2,231,259) | (2,037,542) |
| Distributions to limited partners | (370,656) | (338,602) | (316,428) |
| Loss on debt extinguishment | — | (128,618) | (136,777) |
| Proceeds from issuance of debt, net of transaction costs | 7,973,719 | 11,668,026 | 14,866,205 |
| Repayments of debt | (9,118,685) | (10,456,671) | (14,650,168) |
| Net cash used in financing activities | (4,482,264) | (1,910,071) | (2,544,743) |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (967,974) | 922,250 | (141,075) |
| CASH AND CASH EQUIVALENTS, beginning of period | 1,482,309 | 560,059 | 701,134 |
| CASH AND CASH EQUIVALENTS, end of period | \$ 514,335 | \$ 1,482,309 | \$ 560,059 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, Inc.

Consolidated Statements of Equity

(Dollars in thousands)

| | Preferred Stock | Common Stock | Accumulated Comprehensive Income (Loss) | Other Capital in Excess of Par Value | Accumulated Deficit | Common Stock Held in Treasury | Noncontrolling Interests | Total Equity |
|--|--------------------|-----------------|--|---|------------------------|-------------------------------------|-----------------------------|-----------------|
| Balance at December 31, 2015 | \$ 43,733 | \$ 31 | \$ (252,686) | \$ 9,384,450 | \$ (4,266,930) | \$ (437,134) | \$ 744,905 | \$ 5,216,369 |
| Exchange of limited partner units 5,020,919 common shares, Note 10) | | 1 | | 73,755 | | | (73,756) | — |
| Series J preferred stock premium amortization | (328) | | | | | | | (328) |
| Stock incentive program (63,324 common shares, net) | | | | (14,139) | | 14,139 | | — |
| Amortization of stock incentive Treasury stock purchase (1,409,197 shares) | | | | 12,024 | | | | 12,024 |
| Long-term incentive performance units | | | | | | | | |
| Issuance of unit equivalents and other, net (21,041 common shares repurchased) | | | | | 6,189 | (4,300) | 1,506 | 3,395 |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | | | | 66,996 | | | (66,996) | — |
| Distributions to common stockholders and limited partners, excluding Operating Partnership | | | | | (2,037,542) | | (316,428) | (2,353,970) |

| | | | | | | | | |
|-----------------------|-----------|-------|--------------|--------------|----------------|--------------|------------|--------------|
| preferred interests | | | | | | | | |
| Distribution to other | | | | | | | | |
| noncontrolling | | | | | | | | |
| interest partners | | | | | | | (2,765) | (2,765) |
| Other | | | | | | | | |
| comprehensive | | | | | | | | |
| income | | | | 138,560 | | | 25,080 | 163,640 |
| Net income, | | | | | | | | |
| excluding \$1,915 | | | | | | | | |
| attributable to | | | | | | | | |
| preferred interests | | | | | | | | |
| in the Operating | | | | | | | | |
| Partnership and | | | | | | | | |
| 4,301 attributable | | | | | | | | |
| to noncontrolling | | | | | | | | |
| redeemable interests | | | | | | | | |
| in properties | | | | | 1,838,896 | | 289,594 | 2,128,490 |
| Balance at | | | | | | | | |
| December 31, 2016 | \$ 43,405 | \$ 32 | \$ (114,126) | \$ 9,523,086 | \$ (4,459,387) | \$ (682,562) | \$ 649,464 | \$ 4,959,912 |
| Exchange of limited | | | | | | | | |
| partner units | | | | | | | | |
| 500,411 common | | | | | | | | |
| shares, Note 10) | | | | 6,005 | | | (6,005) | — |
| Series J preferred | | | | | | | | |
| stock premium | | | | | | | | |
| amortization | (328) | | | | | | | (328) |
| stock incentive | | | | | | | | |
| program (76,660 | | | | | | | | |
| common shares, | | | | | | | | |
| net) | | | | (13,289) | | 13,289 | | — |
| Amortization of | | | | | | | | |
| stock incentive | | | | 13,911 | | | | 13,911 |
| Treasury stock | | | | | | | | |
| purchase (2,468,630 | | | | | | | | |
| shares) | | | | | | (407,002) | | (407,002) |
| Long-term incentive | | | | | | | | |
| performance units | | | | | | | 38,305 | 38,305 |
| issuance of unit | | | | | | | | |
| equivalents and | | | | | | | | |
| other, net (16,161 | | | | | | | | |
| common shares | | | | | | | | |
| repurchased) | | | | 241 | (39,489) | (2,788) | 383 | (41,653) |
| Adjustment to | | | | | | | | |
| limited partners' | | | | | | | | |
| interest from | | | | | | | | |
| change in | | | | | | | | |
| ownership in the | | | | | | | | |
| Operating | | | | | | | | |
| Partnership | | | | 84,794 | | | (84,794) | — |
| Distributions to | | | | | (2,231,259) | | (338,602) | (2,569,861) |
| common | | | | | | | | |

| | | | | | | | | |
|--|-----------|-------|--------------|--------------|----------------|----------------|------------|--------------|
| issuance of unit equivalents and other (18,680 common shares repurchased) | | | | 1,602 | (109,147) | (2,911) | (2,510) | (112,966) |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | | | | 156,241 | | | (156,241) | — |
| Distributions to common stockholders and limited partners, excluding Operating Partnership preferred interests | | | | | (2,449,071) | | (370,656) | (2,819,727) |
| Distribution to other noncontrolling interest partners | | | | | | | (1,741) | (1,741) |
| Other comprehensive income | | | (15,564) | | | | (2,447) | (18,011) |
| Net income, excluding \$1,915 attributable to preferred interests in the Operating Partnership and \$3,416 attributable to noncontrolling redeemable interests in properties | | | | | 2,440,058 | | 376,954 | 2,817,012 |
| Balance at December 31, 2018 | \$ 42,748 | \$ 32 | \$ (126,017) | \$ 9,700,418 | \$ (4,893,069) | \$ (1,427,431) | \$ 500,275 | \$ 3,796,956 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, L.P.

Consolidated Balance Sheets

(Dollars in thousands, except unit amounts)

| | December 31, 2018 | December 31, 2017 |
|--|----------------------|----------------------|
| ASSETS: | | |
| Investment properties, at cost | \$ 37,092,670 | \$ 36,393,464 |
| Less — accumulated depreciation | 12,884,539 | 11,935,949 |
| | 24,208,131 | 24,457,515 |
| Cash and cash equivalents | 514,335 | 1,482,309 |
| Tenant receivables and accrued revenue, net | 763,815 | 742,672 |
| Investment in unconsolidated entities, at equity | 2,220,414 | 2,266,483 |
| Investment in Klépierre, at equity | 1,769,488 | 1,934,676 |
| Deferred costs and other assets | 1,210,040 | 1,373,983 |
| Total assets | \$ 30,686,223 | \$ 32,257,638 |
| LIABILITIES: | | |
| Mortgages and unsecured indebtedness | \$ 23,305,535 | \$ 24,632,463 |
| Accounts payable, accrued expenses, intangibles, and deferred revenues | 1,316,861 | 1,269,190 |
| Cash distributions and losses in unconsolidated entities, at equity | 1,536,111 | 1,406,378 |
| Other liabilities | 500,597 | 520,363 |
| Total liabilities | 26,659,104 | 27,828,394 |
| Commitments and contingencies | | |
| Preferred units, various series, at liquidation value, and noncontrolling redeemable interests in properties | 230,163 | 190,480 |
| EQUITY: | | |
| Partners' Equity | | |
| Preferred units, 796,948 units outstanding. Liquidation value of \$39,847 | 42,748 | 43,077 |
| General Partner, 309,017,468 and 311,166,854 units outstanding, respectively | 3,253,933 | 3,643,091 |
| Limited Partners, 46,807,372 and 46,879,625 units outstanding, respectively | 492,877 | 548,858 |
| Total partners' equity | 3,789,558 | 4,235,026 |
| Nonredeemable noncontrolling interests in properties, net | 7,398 | 3,738 |
| Total equity | 3,796,956 | 4,238,764 |
| Total liabilities and equity | \$ 30,686,223 | \$ 32,257,638 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, L.P.

Consolidated Statements of Operations and Comprehensive Income

(Dollars in thousands, except per unit amounts)

| | For the Year Ended December 31, | | |
|--|------------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| REVENUE: | | | |
| Minimum rent | \$ 3,488,522 | \$ 3,440,009 | \$ 3,358,498 |
| Overage rent | 162,189 | 147,471 | 161,508 |
| Tenant reimbursements | 1,520,340 | 1,532,923 | 1,494,804 |
| Management fees and other revenues | 116,286 | 121,259 | 143,875 |
| Other income | 370,582 | 296,978 | 276,544 |
| Total revenue | 5,657,919 | 5,538,640 | 5,435,229 |
| EXPENSES: | | | |
| Property operating | 450,636 | 443,177 | 432,394 |
| Depreciation and amortization | 1,282,454 | 1,275,452 | 1,252,673 |
| Real estate taxes | 457,740 | 440,003 | 439,030 |
| Repairs and maintenance | 99,588 | 96,900 | 99,723 |
| Advertising and promotion | 151,241 | 150,865 | 142,801 |
| Provision for credit losses | 12,631 | 11,304 | 7,319 |
| Home and regional office costs | 136,677 | 135,150 | 158,406 |
| General and administrative | 46,543 | 51,972 | 65,082 |
| Other | 109,322 | 131,477 | 116,973 |
| Total operating expenses | 2,746,832 | 2,736,300 | 2,714,401 |
| OPERATING INCOME BEFORE OTHER ITEMS | 2,911,087 | 2,802,340 | 2,720,828 |
| Interest expense | (815,923) | (809,393) | (857,554) |
| Loss on extinguishment of debt | — | (128,618) | (136,777) |
| Income and other taxes | (36,898) | (23,343) | (29,678) |
| Income from unconsolidated entities | 475,250 | 400,270 | 353,334 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | 288,827 | 3,647 | 84,553 |
| CONSOLIDATED NET INCOME | 2,822,343 | 2,244,903 | 2,134,706 |
| Net income attributable to noncontrolling interests | 11,327 | 13 | 7,218 |
| Preferred unit requirements | 5,252 | 5,252 | 5,252 |
| NET INCOME ATTRIBUTABLE TO UNITHOLDERS | \$ 2,805,764 | \$ 2,239,638 | \$ 2,122,236 |
| NET INCOME ATTRIBUTABLE TO UNITHOLDERS | | | |
| ATTRIBUTABLE TO: | | | |
| General Partner | \$ 2,436,721 | \$ 1,944,625 | \$ 1,835,559 |
| Limited Partners | 369,043 | 295,013 | 286,677 |
| Net income attributable to unitholders | \$ 2,805,764 | \$ 2,239,638 | \$ 2,122,236 |
| BASIC AND DILUTED EARNINGS PER UNIT: | | | |
| Net income attributable to unitholders | \$ 7.87 | \$ 6.24 | \$ 5.87 |
| Consolidated net income | \$ 2,822,343 | \$ 2,244,903 | \$ 2,134,706 |

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| | | | |
|--|--------------|--------------|--------------|
| Unrealized gain (loss) on derivative hedge agreements | 21,633 | (35,112) | 39,472 |
| Net loss (gain) reclassified from accumulated other comprehensive loss into earnings | 7,020 | (12,122) | 149,622 |
| Currency translation adjustments | (47,038) | 45,766 | (28,646) |
| Changes in available-for-sale securities and other | 373 | 5,733 | 3,192 |
| Comprehensive income | 2,804,331 | 2,249,168 | 2,298,346 |
| Comprehensive income attributable to noncontrolling interests | 7,911 | 2,091 | 2,917 |
| Comprehensive income attributable to unitholders | \$ 2,796,420 | \$ 2,247,077 | \$ 2,295,429 |
| The accompanying notes are an integral part of these statements. | | | |

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Simon Property Group, L.P.

Consolidated Statements of Cash Flows

(Dollars in thousands)

| | For the Year Ended December 31, | | |
|--|------------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Consolidated Net Income | \$ 2,822,343 | \$ 2,244,903 | \$ 2,134,706 |
| Adjustments to reconcile consolidated net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 1,349,776 | 1,357,351 | 1,327,946 |
| Loss on debt extinguishment | — | 128,618 | 136,777 |
| Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net | (288,827) | (3,647) | (84,553) |
| Pre-development project cost charge | — | — | 31,490 |
| Gains on sales of marketable securities | — | (21,541) | — |
| Unrealized change in fair value of equity instruments | 15,212 | — | — |
| Gain on interest in unconsolidated entity (Note 7) | (35,621) | — | — |
| Straight-line rent | (18,325) | (26,543) | (46,656) |
| Equity in income of unconsolidated entities | (475,250) | (400,270) | (353,334) |
| Distributions of income from unconsolidated entities | 390,137 | 374,101 | 331,627 |
| Changes in assets and liabilities | | | |
| Tenant receivables and accrued revenue, net | (17,518) | (26,170) | 16,277 |
| Deferred costs and other assets | (75,438) | (132,945) | (43,797) |
| Accounts payable, accrued expenses, intangibles, deferred revenues and other liabilities | 84,307 | 99,931 | (77,789) |
| Net cash provided by operating activities | 3,750,796 | 3,593,788 | 3,372,694 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Acquisitions | (51,060) | (264,488) | (499,976) |
| Funding of loans to related parties | (4,641) | (71,532) | — |
| Repayments of loans to related parties | — | — | 8,207 |
| Capital expenditures, net | (781,909) | (732,100) | (798,465) |
| Cash impact from the consolidation of properties | 11,276 | 7,536 | 59,994 |
| Net proceeds from sale of assets | 183,241 | 19,944 | 36,558 |
| Investments in unconsolidated entities | (63,397) | (157,173) | (312,160) |
| Purchase of marketable and non-marketable securities | (21,563) | (25,000) | (38,809) |
| Proceeds from sales of marketable and non-marketable securities | 25,000 | 56,268 | 42,600 |
| Insurance proceeds for property restoration | 19,083 | — | — |
| Distributions of capital from unconsolidated entities and other | 447,464 | 405,078 | 533,025 |
| Net cash used in investing activities | (236,506) | (761,467) | (969,026) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Issuance of units and other | (329) | (328) | (328) |

| | | | |
|--|-------------|--------------|--------------|
| Purchase of units related to stock grant recipients' tax withholdings | (2,911) | (2,789) | (4,299) |
| Redemption of limited partner units | (81,506) | — | — |
| Purchase of general partner units | (354,108) | (407,002) | (255,267) |
| Distributions to noncontrolling interest holders in properties | (76,963) | (11,295) | (9,731) |
| Contributions from noncontrolling interest holders in properties | 161 | 382 | 1,507 |
| Partnership distributions | (2,821,642) | (2,571,776) | (2,355,885) |
| Loss on debt extinguishment | — | (128,618) | (136,777) |
| Mortgage and unsecured indebtedness proceeds, net of transaction costs | 7,973,719 | 11,668,026 | 14,866,205 |
| Mortgage and unsecured indebtedness principal payments | (9,118,685) | (10,456,671) | (14,650,168) |
| Net cash used in financing activities | (4,482,264) | (1,910,071) | (2,544,743) |
| (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS | (967,974) | 922,250 | (141,075) |
| CASH AND CASH EQUIVALENTS, beginning of period | 1,482,309 | 560,059 | 701,134 |
| CASH AND CASH EQUIVALENTS, end of period | \$ 514,335 | \$ 1,482,309 | \$ 560,059 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, L.P.

Consolidated Statements of Equity

(Dollars in thousands)

| | Preferred Units | Simon (Managing General Partner) | Limited Partners | Noncontrolling Interests | Total Equity |
|--|--------------------|-------------------------------------|---------------------|-----------------------------|-----------------|
| Balance at December 31, 2015 | \$ 43,733 | \$ 4,427,731 | \$ 741,449 | \$ 3,456 | \$ 5,216,369 |
| Series J preferred stock premium and amortization | (328) | | | | (328) |
| Limited partner units exchanged to common units (5,020,919 units) | | 73,756 | (73,756) | | — |
| Stock incentive program (63,324 common shares, net) | | — | | | — |
| Amortization of stock incentive | | 12,024 | | | 12,024 |
| Treasury unit purchase (1,409,197 units) | | (255,267) | | | (255,267) |
| Long-term incentive performance units | | | 48,324 | | 48,324 |
| Issuance of unit equivalents and other (482,779 units and 21,041 common units) | | 1,889 | (2) | 1,508 | 3,395 |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | | 66,996 | (66,996) | | — |
| Distributions, excluding distributions on preferred interests classified as temporary equity | (3,337) | (2,034,205) | (316,428) | (2,765) | (2,356,735) |
| Net income, excluding preferred distributions on temporary equity preferred units of \$1,915 and \$4,301 attributable to noncontrolling redeemable interests in properties | 3,337 | 1,835,559 | 286,677 | 2,917 | 2,128,490 |
| Other comprehensive income | | 138,560 | 25,080 | | 163,640 |
| Balance at December 31, 2016 | \$ 43,405 | \$ 4,267,043 | \$ 644,348 | \$ 5,116 | \$ 4,959,912 |
| Series J preferred stock premium and amortization | (328) | | | | (328) |
| | | 6,005 | (6,005) | | — |

| | | | | | |
|---|-----------|--------------|------------|----------|--------------|
| Limited partner units exchanged to common units (500,411 units) | | | | | |
| Stock incentive program (76,660 common shares, net) | | — | | | — |
| Amortization of stock incentive | | 13,911 | | | 13,911 |
| Treasury unit purchase (2,468,630 units) | | (407,002) | | | (407,002) |
| Long-term incentive performance units | | | 38,305 | | 38,305 |
| Issuance of unit equivalents and other (103,941 units and 16,161 common units) | | (42,036) | 1 | 382 | (41,653) |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | | 84,794 | (84,794) | | — |
| Distributions, excluding distributions on preferred interests classified as temporary equity | (3,337) | (2,227,922) | (338,602) | (3,851) | (2,573,712) |
| Net income, excluding preferred distributions on temporary equity preferred units of \$1,915 and a \$2,078 loss attributable to noncontrolling redeemable interests in properties | 3,337 | 1,944,625 | 295,013 | 2,091 | 2,245,066 |
| Other comprehensive income | | 3,673 | 592 | | 4,265 |
| Balance at December 31, 2017 | \$ 43,077 | \$ 3,643,091 | \$ 548,858 | \$ 3,738 | \$ 4,238,764 |
| Issuance of limited partner units (475,183 units) | | | 84,103 | | 84,103 |
| Series J preferred stock premium and amortization | (329) | | | | (329) |
| Limited partner units exchanged to common units (92,732 units) | | 1,004 | (1,004) | | — |
| Stock incentive program (51,756 common units, net) | | — | | | — |
| Amortization of stock incentive | | 12,029 | | | 12,029 |
| Redemption of limited partner units (454,704 units) | | (76,555) | (4,951) | | (81,506) |
| Treasury unit purchase (2,275,194 units) | | (354,108) | | | (354,108) |
| Long-term incentive performance units | | | 26,172 | | 26,172 |
| | | 7,264 | | | 7,264 |

| | | | | | |
|--|-----------|--------------|------------|----------|--------------|
| Cumulative effect of accounting change | | | | | |
| Issuance of unit equivalents and other (18,680 common units) | | (110,456) | | (2,510) | (112,966) |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | | 156,241 | (156,241) | | — |
| Distributions, excluding distributions on preferred interests classified as temporary equity | (3,337) | (2,445,734) | (370,656) | (1,741) | (2,821,468) |
| Net income, excluding preferred distributions on temporary equity preferred units of \$1,915 and \$3,416 attributable to noncontrolling redeemable interests in properties | 3,337 | 2,436,721 | 369,043 | 7,911 | 2,817,012 |
| Other comprehensive income | | (15,564) | (2,447) | | (18,011) |
| Balance at | | | | | |
| December 31, 2018 | \$ 42,748 | \$ 3,253,933 | \$ 492,877 | \$ 7,398 | \$ 3,796,956 |

The accompanying notes are an integral part of these statements.

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

1. Organization

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

We own, develop and manage premier shopping, dining, entertainment and mixed-use destinations, which consist primarily of malls, Premium Outlets®, and The Mills®. As of December 31, 2018, we owned or held an interest in 206 income producing properties in the United States, which consisted of 107 malls, 69 Premium Outlets, 14 Mills, four lifestyle centers, and 12 other retail properties in 37 states and Puerto Rico. Internationally, as of December 31, 2018, we had ownership interests in nine Premium Outlets in Japan, four Premium Outlets in South Korea, three Premium Outlets in Canada, two Premium Outlets in Malaysia and one Premium Outlet in Mexico. We also own an interest in eight Designer Outlet properties in Europe and one Designer Outlet property in Canada. Of the eight properties in Europe, two are located in Italy, two are located in the Netherlands and one each is located in Austria, Germany, France and the United Kingdom. As of December 31, 2018, we also owned a 21.3% equity stake in Klépierre SA, or Klépierre, a publicly traded, Paris based real estate company which owns, or has an interest in, shopping centers located in 16 countries in Europe.

We generate the majority of our revenues from leases with retail, dining, entertainment and other tenants, including:

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

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

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

- establishing our properties as leading market resource providers for retailers and other businesses and consumer focused corporate alliances, including payment systems (such as handling fees relating to the sales of bank issued prepaid cards), national marketing alliances, static and digital media initiatives, business development,

sponsorship, and events,

- offering property operating services to our tenants and others, including waste handling and facility services, and the provision of energy services,
- selling or leasing land adjacent to our properties, commonly referred to as “outlots” or “outparcels,” and
- generating interest income on cash deposits and investments in loans, including those made to related entities.

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

2. Basis of Presentation and Consolidation

The accompanying consolidated financial statements include the accounts of all controlled subsidiaries, and all significant intercompany amounts have been eliminated.

We consolidate properties that are wholly-owned or properties where we own less than 100% but we control. Control of a property is demonstrated by, among other factors, our ability to refinance debt and sell the property without the consent of any other partner or owner and the inability of any other partner or owner to replace us.

We also consolidate a variable interest entity, or VIE, when we are determined to be the primary beneficiary. Determination of the primary beneficiary of a VIE is based on whether an entity has (1) the power to direct activities that most significantly impact the economic performance of the VIE and (2) the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our determination of the primary beneficiary of a VIE considers all relationships between us and the VIE, including management agreements and other contractual arrangements. There have been no changes during 2018 in previous conclusions about whether an entity qualifies as a VIE or whether we are the primary beneficiary of any previously identified VIE. During the periods presented, we did not provide financial or other support to any identified VIE that we were not contractually obligated to provide.

Investments in partnerships and joint ventures represent our noncontrolling ownership interests in properties. We account for these unconsolidated entities using the equity method of accounting. We initially record these investments at cost and we subsequently adjust for net equity in income or loss, which we allocate in accordance with the provisions of the applicable partnership or joint venture agreement, cash contributions and distributions, and foreign currency fluctuations, if applicable. The allocation provisions in the partnership or joint venture agreements are not always consistent with the legal ownership interests held by each general or limited partner or joint venture investee primarily due to partner preferences. We separately report investments in joint ventures for which accumulated distributions have exceeded investments in and our share of net income of the joint ventures within cash distributions and losses in partnerships and joint ventures, at equity in the consolidated balance sheets. The net equity of certain joint ventures is less than zero because of financing or operating distributions that are usually greater than net income, as net income includes non cash charges for depreciation and amortization.

As of December 31, 2018, we consolidated 135 wholly owned properties and 18 additional properties that are less than wholly owned, but which we control or for which we are the primary beneficiary. We account for the remaining 81 properties, or the joint venture properties, as well as our investment in Klépierre, Aéropostale, Authentic Brands Group LLC, or ABG, and HBS Global Properties, or HBS, using the equity method of accounting, as we have determined we have significant influence over their operations. We manage the day to day operations of 57 of the 81 joint venture properties, but have determined that our partner or partners have substantive participating rights with respect to the assets and operations of these joint venture properties. Our investments in joint ventures in Japan, South Korea, Mexico, Malaysia, Germany, Canada, and the United Kingdom comprise 20 of the remaining 24 properties. These international properties are managed by joint ventures in which we share control.

Preferred distributions of the Operating Partnership are accrued at declaration and represent distributions on outstanding preferred units of partnership interests, or preferred units, and are included in net income attributable to noncontrolling interests. We allocate net operating results of the Operating Partnership after preferred distributions to limited partners and to us based on the partners' respective weighted average ownership interests in the Operating Partnership. Net operating results of the Operating Partnership attributable to limited partners are reflected in net income attributable to noncontrolling interests.

Our weighted average ownership interest in the Operating Partnership was as follows:

| | For the Year Ended December 31, | | |
|-------------------------------------|------------------------------------|--------|--------|
| | 2018 | 2017 | 2016 |
| Weighted average ownership interest | 86.8 % | 86.8 % | 86.5 % |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

As of December 31, 2018 and 2017, our ownership interest in the Operating Partnership was 86.8% and 86.9%, respectively. We adjust the noncontrolling limited partners' interest at the end of each period to reflect their interest in the net assets of the Operating Partnership.

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

3. Summary of Significant Accounting Policies

Investment Properties

We record investment properties at cost. Investment properties include costs of acquisitions; development, predevelopment, and construction (including allocable salaries and related benefits); tenant allowances and improvements; and interest and real estate taxes incurred during construction. We capitalize improvements and replacements from repair and maintenance when the repair and maintenance extends the useful life, increases capacity, or improves the efficiency of the asset. All other repair and maintenance items are expensed as incurred. We capitalize interest on projects during periods of construction until the projects are ready for their intended purpose based on interest rates in place during the construction period. The amount of interest capitalized during each year is as follows:

| | For the Year Ended December 31, | | |
|----------------------|------------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Capitalized interest | \$ 19,871 | \$ 24,754 | \$ 31,250 |

We record depreciation on buildings and improvements utilizing the straight line method over an estimated original useful life, which is generally 10 to 35 years. We review depreciable lives of investment properties periodically and we make adjustments when necessary to reflect a shorter economic life. We amortize tenant allowances and tenant improvements utilizing the straight line method over the term of the related lease or occupancy term of the tenant, if shorter. We record depreciation on equipment and fixtures utilizing the straight line method over seven to ten years.

We review investment properties 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. These circumstances include, but are not limited to, declines in a property's cash flows, ending occupancy or total sales per square foot. We measure any impairment of investment property when the estimated undiscounted operating income before depreciation and amortization during the anticipated holding period plus its residual value is less than the carrying value of the property. To the extent impairment has occurred, we charge to income the excess of carrying value of the property over its estimated fair value. We estimate undiscounted cash flows and fair value using unobservable data

such as operating income, estimated capitalization rates, or multiples, leasing prospects and local market information. We may decide to sell properties that are held for use and the sale prices of these properties may differ from their carrying values. We also review our investments, including investments in unconsolidated entities, if events or circumstances change indicating that the carrying amount of our investments may not be recoverable. We will record an impairment charge if we determine that a decline in the fair value of the investments is other than temporary. Changes in economic and operating conditions that occur subsequent to our review of recoverability of investment property and other investments could impact the assumptions used in that assessment and could result in future charges to earnings if assumptions regarding those investments differ from actual results.

During the fourth quarter of 2016, we determined we would no longer pursue the construction of the Copley residential tower given a change in property approval dynamics, construction pricing in the Boston market and the continued increase in residential supply in the market. Accordingly, we recorded a charge of approximately \$31.5 million related to the write-off of pre-development costs, which is included in other expenses in the accompanying statement of operations and comprehensive income.

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Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

Purchase Accounting

We allocate the purchase price of asset acquisitions and any excess investment in unconsolidated entities to the various components of the acquisition based upon the relative fair value of each component which may be derived from various observable or unobservable inputs and assumptions. Also, we may utilize third party valuation specialists. These components typically include buildings, land and intangibles related to in place leases and we estimate:

- the relative fair value of land and related improvements and buildings on an as if vacant basis,
 - the market value of in place leases based upon our best estimate of current market rents and amortize the resulting market rent adjustment into revenues,
 - the value of costs to obtain tenants, including tenant allowances and improvements and leasing commissions, and
 - the value of revenue and recovery of costs foregone during a reasonable lease up period, as if the space was vacant.
- The relative fair value of buildings is depreciated over the estimated remaining life of the acquired building or related improvements. We amortize tenant improvements, in place lease assets and other lease related intangibles over the remaining life of the underlying leases. We also estimate the value of other acquired intangible assets, if any, which are amortized over the remaining life of the underlying related intangibles.

Cash and Cash Equivalents

We consider all highly liquid investments purchased with an original maturity of 90 days or less to be cash and cash equivalents. Cash equivalents are carried at cost, which approximates fair value. Cash equivalents generally consist of commercial paper, bankers' acceptances, Eurodollars, repurchase agreements, and money market deposits or securities. Financial instruments that potentially subject us to concentrations of credit risk include our cash and cash equivalents and our trade accounts receivable. We place our cash and cash equivalents with institutions of high credit quality. However, at certain times, such cash and cash equivalents are in excess of Federal Deposit Insurance Corporation and Securities Investor Protection Corporation insurance limits. See Notes 4 and 10 for disclosures about non-cash investing and financing transactions.

Equity Instruments and Debt Securities

Equity instruments and debt securities consist primarily of the debt securities of our captive insurance subsidiary, equity instruments, our deferred compensation plan investments, and certain investments held to fund the debt service requirements of debt previously secured by investment properties. At December 31, 2018 and 2017, we had equity instruments with readily determinable fair values of \$78.1 million and \$88.3 million, respectively. Effective January 1, 2018, changes in fair value of these equity instruments are recorded in earnings. As of December 31, 2018, we have recorded non-cash mark-to-market adjustments related to these equity securities with readily determinable fair values of \$15.2 million, which is included in other expense in our consolidated statements of operations and comprehensive income. At December 31, 2018 and 2017, we had equity instruments without readily determinable fair values of \$175.7 million and \$186.9 million, respectively, for which we have elected the measurement alternative. We regularly

evaluate these investments for any impairment in their estimated fair value, as well as any observable price changes for an identical or similar equity instrument of the same issuer, and determined that no material adjustment in the carrying value was required for the year ended December 31, 2018.

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

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

On July 26, 2017, we sold our investment in certain equity instruments. The aggregate proceeds received from the sale were \$53.9 million, and we recognized a gain on the sale of \$21.5 million, which is included in other income in the accompanying consolidated statement of operations and comprehensive income for the year ended December 31, 2017.

At December 31, 2018 and 2017, we held debt securities of \$40.1 million and \$55.7 million, respectively, in our captive insurance subsidiary. The types of securities included in the investment portfolio of our captive insurance subsidiary are typically U.S. Treasury or other U.S. government securities as well as corporate debt securities with maturities ranging from less than one year to ten years. These securities are classified as available-for-sale and are valued based upon quoted market prices or other observable inputs when quoted market prices are not available. The amortized cost of debt securities, which approximates fair value, held by our captive insurance subsidiary is adjusted for amortization of premiums and accretion of discounts to maturity. Changes in the values of these securities are recognized in accumulated other comprehensive income (loss) until the gain or loss is realized or until any unrealized loss is deemed to be other-than-temporary. We review any declines in value of these securities for other-than-temporary impairment and consider the severity and duration of any decline in value. To the extent an other-than-temporary impairment is deemed to have occurred, an impairment is recorded and a new cost basis is established.

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

Fair Value Measurements

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

The equity instruments with readily determinable fair values we held at December 31, 2018 and 2017 were primarily classified as having Level 1 and Level 2 fair value inputs. In addition, we had derivative instruments which were classified as having Level 2 inputs, which consist primarily of foreign currency forward contracts and interest rate swap agreements with a gross asset balance of \$10.9 million at December 31, 2018 and a gross liability balance of \$6.2 million and \$18.1 million at December 31, 2018 and 2017, respectively.

Note 8 includes a discussion of the fair value of debt measured using Level 2 inputs. Notes 3 and 4 include discussions of the fair values recorded in purchase accounting using Level 2 and Level 3 inputs. Level 3 inputs to our purchase accounting and impairment analyses include our estimations of net operating results of the property, capitalization rates and discount rates.

Gains on Issuances of Stock by Equity Method Investees

When one of our equity method investees issues additional shares to third parties, our percentage ownership interest in the investee may decrease. In the event the issuance price per share is higher or lower than our average carrying amount per share, we recognize a noncash gain or loss on the issuance, when appropriate. This noncash gain or loss is recognized in our net income in the period the change of ownership interest occurs.

Use of Estimates

We prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States, or GAAP. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reported period. Our actual results could differ from these estimates.

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Segment and Geographic Locations

Our primary business is the ownership, development, and management of premier shopping, dining, entertainment and mixed use real estate. We have aggregated our retail operations, including malls, Premium Outlets, The Mills, and our international investments into one reportable segment because they have similar economic characteristics and we provide similar products and services to similar types of, and in many cases, the same, tenants. As discussed in Note 7, we consolidated various European assets in 2016. As of December 31, 2018, approximately 6.1% of our consolidated long-lived assets and 3.0% of our consolidated total revenues were derived from assets located outside the United States. As of December 31, 2017, approximately 6.5% of our consolidated long-lived assets and 2.6% of our consolidated total revenues were derived from assets located outside the United States.

Deferred Costs and Other Assets

Deferred costs and other assets include the following as of December 31:

| | 2018 | 2017 |
|--|--------------|--------------|
| Deferred lease costs, net | \$ 249,010 | \$ 250,442 |
| In-place lease intangibles, net | 65,825 | 96,054 |
| Acquired above market lease intangibles, net | 64,813 | 92,405 |
| Marketable securities of our captive insurance companies | 40,099 | 55,664 |
| Goodwill | 20,098 | 20,098 |
| Other marketable and non-marketable securities | 253,732 | 275,130 |
| Prepays, notes receivable and other assets, net | 516,463 | 584,190 |
| | \$ 1,210,040 | \$ 1,373,983 |

Deferred Lease Costs

Our deferred leasing costs consist primarily of capitalized salaries and related benefits in connection with lease originations. We record amortization of deferred leasing costs on a straight line basis over the terms of the related leases. Details of these deferred costs as of December 31 are as follows:

| | 2018 | 2017 |
|---------------------------|------------|------------|
| Deferred lease costs | \$ 497,570 | \$ 485,977 |
| Accumulated amortization | (248,560) | (235,535) |
| Deferred lease costs, net | \$ 249,010 | \$ 250,442 |

Amortization of deferred leasing costs is a component of depreciation and amortization expense. The accompanying consolidated statements of operations and comprehensive income include amortization of deferred leasing costs as follows:

| | For the Year Ended December 31, | | |
|--|---------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Amortization of deferred leasing costs | \$ 56,646 | \$ 54,323 | \$ 49,993 |
| Intangibles | | | |

The average remaining life of in place lease intangibles is approximately 2.5 years and is being amortized on a straight line basis and is included with depreciation and amortization in the consolidated statements of operations and comprehensive income. The fair market value of above and below market leases is amortized into revenue over the remaining lease life as a component of reported minimum rents. The weighted average remaining life of these intangibles

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is approximately 2.7 years. The unamortized amount of below market leases is included in accounts payable, accrued expenses, intangibles and deferred revenues in the consolidated balance sheets and was \$66.7 million and \$94.1 million as of December 31, 2018 and 2017, respectively. The amount of amortization of above and below market leases, net, which increased revenue for the years ended December 31, 2018, 2017, and 2016, was \$1.0 million, \$2.8 million and \$5.4 million, respectively. If a lease is terminated prior to the original lease termination, any remaining unamortized intangible is written off to earnings.

Details of intangible assets as of December 31 are as follows:

| | 2018 | 2017 |
|--|------------|------------|
| In-place lease intangibles | \$ 291,613 | \$ 328,811 |
| Accumulated amortization | (225,788) | (232,757) |
| In-place lease intangibles, net | \$ 65,825 | \$ 96,054 |
| | | |
| | 2018 | 2017 |
| Acquired above market lease intangibles | \$ 253,973 | \$ 260,398 |
| Accumulated amortization | (189,160) | (167,993) |
| Acquired above market lease intangibles, net | \$ 64,813 | \$ 92,405 |

Estimated future amortization and the increasing (decreasing) effect on minimum rents for our above and below market leases as of December 31, 2018 are as follows:

| | Below Market Leases | Above Market Leases | Impact to Minimum Rent, Net |
|------------|---------------------------|---------------------------|-----------------------------------|
| 2019 | \$ 21,789 | \$ (19,818) | \$ 1,971 |
| 2020 | 17,130 | (15,767) | 1,363 |
| 2021 | 7,827 | (10,414) | (2,587) |
| 2022 | 5,395 | (7,550) | (2,155) |
| 2023 | 4,098 | (5,491) | (1,393) |
| Thereafter | 10,509 | (5,773) | 4,736 |
| | \$ 66,748 | \$ (64,813) | \$ 1,935 |

Derivative Financial Instruments

We record all derivatives on our consolidated balance sheets at fair value. The accounting for changes in the fair value of derivatives depends on the intended use of the derivative, whether we have designated a derivative as a hedge and whether the hedging relationship has satisfied the criteria necessary to apply hedge accounting. We may use a variety of derivative financial instruments in the normal course of business to selectively manage or hedge a portion of the risks associated with our indebtedness and interest payments. Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we primarily use interest rate swaps and caps. We require that hedging derivative instruments be highly effective in reducing the risk exposure that they are designated to hedge. We formally designate any instrument that meets these hedging criteria as a hedge at the inception of the derivative contract. We have no credit-risk-related hedging or derivative activities.

As of December 31, 2018 and 2017, we had no outstanding interest rate derivatives. We generally do not apply hedge accounting to interest rate caps, which had a nominal value as of December 31, 2018 and 2017, respectively.

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

We had the following Euro:USD forward contracts designated as net investment hedges at December 31, 2018 and 2017 (in millions):

| Notional Value | Maturity/Termination Date | Liability Value as of | |
|-------------------|------------------------------|-----------------------|-------------------|
| | | December 31, 2018 | December 31, 2017 |
| € 50.0 | November 9, 2018 | \$ — | \$ (2.4) |
| € 50.0 | May 15, 2019 | (0.8) | (4.9) |
| € 50.0 | May 15, 2020 | (1.5) | (5.2) |
| € 50.0 | May 14, 2021 | (2.0) | (5.5) |

Liability balances in the above table are included in other liabilities.

In the first quarter of 2018, we entered into a Euro-denominated cross-currency swap agreement to manage our exposure to changes in foreign exchange rates by swapping \$150.0 million of 4.38% fixed rate U.S. dollar-denominated debt to 1.37% fixed rate Euro-denominated debt of €121.6 million. The cross-currency swap matures on December 1, 2020. The fair value of our cross currency swap agreement at December 31, 2018 is \$10.9 million and is included in deferred costs and other assets. In the third quarter of 2018, we entered into a Yen-denominated cross-currency swap agreement by swapping \$200.1 million of 4.38% fixed rate U.S. dollar-denominated debt to ¥22.3 billion of 1.19% fixed rate Yen-denominated debt. Contemporaneously, we repaid Yen-denominated borrowings of \$201.3 million (U.S. dollar equivalent) on the Operating Partnership's \$4.0 billion unsecured revolving credit facility, or Credit Facility. The cross-currency swap matures on December 1, 2020. The fair value of our cross-currency swap agreement at December 31, 2018 is \$1.9 million and is included in other liabilities.

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

The total gross accumulated other comprehensive income related to the Operating Partnership's derivative activities, including our share of the other comprehensive income from unconsolidated entities, approximated \$37.9 million and \$9.3 million as of December 31, 2018 and 2017, respectively.

Noncontrolling Interests

Simon

Details of the carrying amount of our noncontrolling interests are as follows as of December 31:

| | 2018 | 2017 |
|---|------------|------------|
| Limited partners' interests in the Operating Partnership | \$ 492,877 | \$ 548,858 |
| Nonredeemable noncontrolling interests in properties, net | 7,398 | 3,738 |
| Total noncontrolling interests reflected in equity | \$ 500,275 | \$ 552,596 |

Net income attributable to noncontrolling interests (which includes nonredeemable and redeemable noncontrolling interests in consolidated properties, limited partners' interests in the Operating Partnership, and preferred distributions

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

A rollforward of noncontrolling interests for the years ended December 31 is as follows:

| | 2018 | 2017 | 2016 |
|---|------------|------------|------------|
| Noncontrolling interests, beginning of period | \$ 552,596 | \$ 649,464 | \$ 744,905 |
| Net income attributable to noncontrolling interests after preferred distributions and income attributable to redeemable noncontrolling interests in consolidated properties | 376,954 | 297,104 | 289,594 |
| Distributions to noncontrolling interest holders | (372,397) | (342,453) | (319,193) |
| Other comprehensive (loss) income allocable to noncontrolling interests: | | | |
| Unrealized gain (loss) on derivative hedge agreements | 2,852 | (4,607) | 5,444 |
| Net loss (gain) reclassified from accumulated other comprehensive loss into earnings | 923 | (1,587) | 19,629 |
| Currency translation adjustments | (6,271) | 6,040 | (209) |
| Changes in available-for-sale securities and other | 49 | 746 | 216 |
| | (2,447) | 592 | 25,080 |
| Adjustment to limited partners' interest from change in ownership in the Operating Partnership | (156,241) | (84,794) | (66,996) |
| Units issued to limited partners | 84,103 | — | — |
| Units exchanged for common shares | (1,004) | (6,005) | (73,756) |
| Units redeemed | (4,951) | — | — |
| Long-term incentive performance units | 26,172 | 38,305 | 48,324 |
| Contributions by noncontrolling interests, net, and other | (2,510) | 383 | 1,506 |
| Noncontrolling interests, end of period | \$ 500,275 | \$ 552,596 | \$ 649,464 |
| The Operating Partnership | | | |

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

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

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

A rollforward of noncontrolling interests for the years ended December 31 is as follows:

| | 2018 | 2017 | 2016 |
|---|----------|----------|----------|
| Noncontrolling nonredeemable interests in properties, net — beginning of period | \$ 3,738 | \$ 5,116 | \$ 3,456 |
| Net income attributable to noncontrolling nonredeemable interests | 7,911 | 2,091 | 2,917 |
| Distributions to noncontrolling nonredeemable interest holders | (1,741) | (3,851) | (2,765) |
| Contributions by noncontrolling nonredeemable interests, net, and other | (2,510) | 382 | 1,508 |
| Noncontrolling nonredeemable interests in properties, net — end of period | \$ 7,398 | \$ 3,738 | \$ 5,116 |
| Accumulated Other Comprehensive Income (Loss) | | | |

Simon

The changes in components of our accumulated other comprehensive income (loss) consisted of the following net of noncontrolling interest as of December 31, 2018:

| | Currency translation adjustments | Accumulated derivative gains, net | Net unrealized losses on marketable securities | Total |
|---|--|---|---|--------------|
| Beginning balance | \$ (118,138) | \$ 8,055 | \$ (370) | \$ (110,453) |
| Other comprehensive (loss) income before reclassifications | (40,766) | 18,781 | 324 | (21,661) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 6,097 | — | 6,097 |
| Net current-period other comprehensive (loss) income | (40,766) | 24,878 | 324 | (15,564) |
| Ending balance | \$ (158,904) | \$ 32,933 | \$ (46) | \$ (126,017) |

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The reclassifications out of accumulated other comprehensive income (loss) consisted of the following as of
December 31:

| | 2018 Amount reclassified from accumulated other comprehensive income (loss) | 2017 Amount reclassified from accumulated other comprehensive income (loss) | 2016 Amount reclassified from accumulated other comprehensive income (loss) | |
|---|--|--|--|---|
| Details about accumulated other comprehensive income (loss) components: | | | | |
| Currency translation adjustments | \$ — | \$ — | \$ (136,806) | Affected line item where net income is presented Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net Net income attributable to noncontrolling interests |
| | — | — | 17,948 | |
| | \$ — | \$ — | (118,858) | |
| Accumulated derivative losses, net | \$ (7,020) | \$ (9,419) | \$ (12,230) | Interest expense Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net Net income attributable to noncontrolling interests |
| | — | — | (586) | |
| | 923 \$ (6,097) | 1,233 \$ (8,186) | 1,681 \$ (11,135) | |
| Realized gain on sale of marketable securities | \$ — | \$ 21,541 | \$ — | Other income Net income attributable to noncontrolling interests |
| | — | (2,820) | — | |
| | \$ — | \$ 18,721 | \$ — | |

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The Operating Partnership

The changes in accumulated other comprehensive income (loss) by component consisted of the following as of
December 31, 2018:

| | Currency translation adjustments | Accumulated derivative gains, net | Net unrealized losses on marketable securities | Total |
|--|--|---|---|--------------|
| Beginning balance | \$ (135,940) | \$9,263 | \$ (425) | \$ (127,102) |
| Other comprehensive (loss) income before reclassifications | (47,038) | 21,633 | 373 | (25,032) |
| Amounts reclassified from accumulated other comprehensive income (loss) | — | 7,020 | — | 7,020 |
| Net current-period other comprehensive (loss) income | (47,038) | 28,653 | 373 | (18,012) |
| Ending balance | \$ (182,978) | \$7,916 | \$ (52) | \$ (145,114) |

The reclassifications out of accumulated other comprehensive income (loss) consisted of the following as of
December 31:

| | 2018 Amount reclassified from accumulated other comprehensive income (loss) | 2017 Amount reclassified from accumulated other comprehensive income (loss) | 2016 Amount reclassified from accumulated other comprehensive income (loss) | |
|---|--|--|--|--|
| Details about accumulated other comprehensive income (loss) components: | | | | |
| Currency translation adjustments | \$ — | \$ — | \$ (136,806) | Affected line item where net income is presented Gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net |
| Accumulated derivative losses, net | \$ (7,020) — | \$ (9,419) — | \$ (12,230) (586) | Interest expense Gain upon acquisition of controlling interests, sale or |

| | | | | |
|---|------------|------------|-------------|---|
| | | | | disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net |
| | \$ (7,020) | \$ (9,419) | \$ (12,816) | |
| Realized gain on sale of marketable securities | \$ — | \$ 21,541 | \$ — | Other income |

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Revenue Recognition

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

We structure our leases to allow us to recover a significant portion of our property operating, real estate taxes, repairs and maintenance, and advertising and promotion expenses from our tenants. A substantial portion of our leases, other than those for anchor stores, require the tenant to reimburse us for a substantial portion of our operating expenses, including common area maintenance, or CAM, real estate taxes and insurance. This significantly reduces our exposure to increases in costs and operating expenses resulting from inflation or otherwise. Such property operating expenses typically include utility, insurance, security, janitorial, landscaping, food court and other administrative expenses. As of December 31, 2018, for substantially all of our leases in the U.S. mall portfolio, we receive a fixed payment from the tenant for the CAM component which is recognized as revenue when earned. When not reimbursed by the fixed CAM component, CAM expense reimbursements are based on the tenant's proportionate share of the allocable operating expenses and CAM capital expenditures for the property. We accrue reimbursements from tenants for recoverable portions of all of these expenses as revenue in the period the applicable expenditures are incurred. We recognize differences between estimated recoveries and the final billed amounts in the subsequent year. These differences were not material in any period presented. Our advertising and promotional costs are expensed as incurred. As discussed in Note 3, upon adoption of Accounting Standards Update (ASU) 2016-02 and its related amendments on January 1, 2019, fixed CAM reimbursements for new or amended leases are recognized on a straight-line basis over the term of the respective leases.

Management Fees and Other Revenues

Management fees and other revenues are generally received from our unconsolidated joint venture properties as well as third parties. Management fee revenue is earned based on a contractual percentage of joint venture property revenue. Development fee revenue is earned on a contractual percentage of hard costs to develop a property. Leasing fee revenue is earned on a contractual per square foot charge based on the square footage of current year leasing activity. We recognize revenue for these services provided when earned based on the performance criteria.

Revenues from insurance premiums charged to unconsolidated properties are recognized on a pro rata basis over the terms of the policies. Insurance losses on these policies and our self insurance for our consolidated properties are reflected in property operating expenses in the accompanying consolidated statements of operations and comprehensive income and include estimates for losses incurred but not reported as well as losses pending settlement. Estimates for losses are based on evaluations by third-party actuaries and management's estimates. Total insurance reserves for our insurance subsidiaries and other self insurance programs as of December 31, 2018 and 2017

approximated \$82.5 million and \$81.8 million, respectively, and are included in other liabilities in the consolidated balance sheets. Information related to the securities included in the investment portfolio of our captive insurance subsidiary is included within the “Equity Instruments and Debt Securities” section above.

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Allowance for Credit Losses

We record a provision for credit losses based on our judgment of a tenant's creditworthiness, ability to pay and probability of collection. In addition, we also consider the sector in which the tenant operates and our historical collection experience in cases of bankruptcy, if applicable. Accounts are written off when they are deemed to be no longer collectible. Presented below is the activity in the allowance for credit losses during the following years:

| | For the Year Ended December 31, | | |
|---|------------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Balance, beginning of period | \$ 23,460 | \$ 22,498 | \$ 30,094 |
| Provision for credit losses | 12,631 | 11,304 | 7,319 |
| Accounts written off, net of recoveries | (9,271) | (10,342) | (14,915) |
| Balance, end of period | \$ 26,820 | \$ 23,460 | \$ 22,498 |

Income Taxes

Simon and certain subsidiaries of the Operating Partnership have elected to be taxed as REITs under Sections 856 through 860 of the Internal Revenue Code and applicable Treasury regulations relating to REIT qualification. In order to maintain this REIT status, the regulations require the entity to distribute at least 90% of REIT taxable income to its owners and meet certain other asset and income tests as well as other requirements. We intend to continue to adhere to these requirements and maintain Simon's REIT status and that of the REIT subsidiaries. As REITs, these entities will generally not be liable for U.S. federal corporate income taxes as long as they distribute not less than 100% of their REIT taxable income. Thus, we made no provision for U.S. federal income taxes for these entities in the accompanying consolidated financial statements. If Simon or any of the REIT subsidiaries fail to qualify as a REIT, and if available relief provisions do not apply, Simon or that entity will be subject to tax at regular corporate rates for the years in which it failed to qualify. If Simon or any of the REIT subsidiaries loses its REIT status it could not elect to be taxed as a REIT for four taxable years following the year during which qualification was lost unless the failure to qualify was due to reasonable cause and certain other conditions were satisfied.

We have also elected taxable REIT subsidiary, or TRS, status for some of our subsidiaries. This enables us to provide services that would otherwise be considered impermissible for REITs and participate in activities that do not qualify as "rents from real property". For these entities, deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities at the enacted tax rates expected to be in effect when the temporary differences reverse. A valuation allowance for deferred tax assets is provided if we believe all or some portion of the deferred tax asset may not be realized. An increase or decrease in the valuation allowance that results from the change in circumstances that causes a change in our judgment about the realizability of the related deferred tax asset is included in income.

As a partnership, the allocated share of the Operating Partnership's income or loss for each year is included in the income tax returns of the partners; accordingly, no accounting for income taxes is required in the accompanying consolidated financial statements other than as discussed above for our TRSs.

As of December 31, 2018 and 2017, we had net deferred tax liabilities of \$278.3 million and \$301.7 million, respectively, which primarily relate to the temporary differences between the carrying value of balance sheet assets and liabilities and their tax bases. These differences were primarily created through the consolidation of various European assets in 2016 as discussed further in Note 7. Additionally, we have deferred tax liabilities related to our TRSs, consisting of operating losses and other carryforwards for U.S. federal income tax purposes as well as the timing of the deductibility of losses or reserves from insurance subsidiaries, though these amounts are not material to the financial statements. The net deferred tax liability is included in other liabilities in the accompanying consolidated balance sheets.

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We are also subject to certain other taxes, including state and local taxes, franchise taxes, as well as income-based and withholding taxes on dividends from certain of our international investments, which are included in income and other taxes in the consolidated statements of operations and comprehensive income.

Corporate Expenses

Home and regional office costs primarily include compensation and personnel related costs, travel, building and office costs, and other expenses for our corporate home office and regional offices. General and administrative expense primarily includes executive compensation, benefits and travel expenses as well as costs of being a public company, including certain legal costs, audit fees, regulatory fees, and certain other professional fees.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, "Revenue From Contracts With Customers." ASU 2014-09 amends the existing accounting standards for revenue recognition. The new standard provides accounting guidance for all revenue arising from contracts with customers and affects all entities that enter into contracts to provide goods or services to their customers. The guidance also provides a model for the measurement and recognition of gains and losses on the sale of certain nonfinancial assets, such as property, including real estate.

Our revenues impacted by this standard primarily include management, development, leasing and financing fee revenues for services performed related to various domestic joint ventures that we manage, licensing fees earned from various international properties, sales of real estate, including land parcels and operating properties, and other ancillary income earned at our properties. The amount and timing of revenue recognition from our services to joint ventures, licensing fee arrangements, and ancillary income under the newly effective standard is consistent with the prior measurement and pattern of recognition. In addition, we do not actively sell operating properties as part of our core business strategy and, accordingly, the sale of properties does not generally constitute a significant part of our revenue and cash flows. We adopted the standard using the modified retrospective approach on January 1, 2018 and there was no cumulative effect adjustment recognized. Our revenues impacted by this standard are included in management fees and other revenues and in other income in the accompanying consolidated statements of operations and comprehensive income.

In January 2016, the FASB issued ASU 2016-01, "Financial Instruments — Overall: Recognition and Measurement of Financial Assets and Financial Liabilities," which requires entities to recognize changes in equity investments with readily determinable fair values in net income. We recognized a cumulative effect adjustment of \$7.3 million as of adoption on January 1, 2018 to reclassify unrealized gains previously reported in accumulated other comprehensive income for equity instruments with readily determinable fair values that were previously accounted for as available-for-sale securities and certain equity instruments previously accounted for using the cost method for which the measurement alternative described below was not elected. For those equity instruments that do not have readily determinable fair values, the ASU permits the application of a measurement alternative using the cost of the

investment, less any impairments, plus or minus changes resulting from observable price changes for an identical or similar investment of the same issuer. This guidance is applied prospectively upon the occurrence of an event which establishes fair value to all other equity instruments we account for using the measurement alternative.

In February 2016, the FASB issued ASU 2016-02, "Leases," which will result in lessees recognizing most leased assets and corresponding lease liabilities on the balance sheet. Lessor accounting will remain substantially similar to the current accounting; however, certain refinements were made to conform the standard with the recently issued revenue recognition guidance in ASU 2014-09, specifically related to the allocation and recognition of contract consideration earned from lease and non-lease revenue components. ASU 2016-02 also limits the capitalization of leasing costs to initial direct costs, which if applied in 2018, would have reduced our capitalized leasing costs and correspondingly increased expenses by approximately \$45 million.

Substantially all of our revenues and the revenues of our equity method investments are earned from arrangements that are within the scope of ASU 2016-02. Upon adoption of ASU 2016-02 on January 1, 2019, consideration related to

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non-lease components identified in our lease arrangements are accounted for using the guidance in ASU 2014-09, which for new and amended leases we have determined would (i) necessitate that we reallocate consideration received under many of our lease arrangements between the lease and non-lease component, (ii) result in recognizing revenue allocated to our primary non-lease component (consideration received from fixed common area maintenance arrangements) on a straight-line basis and (iii) require separate presentation of revenue recognized from lease and non-lease components on our statements of operations and comprehensive income. However, on July 30, 2018, the FASB issued ASU 2018-11, which created a practical expedient that provides lessors an option not to separate lease and non-lease components when certain criteria are met and instead account for those components as a single lease component. We determined that our new and amended lease arrangements will meet the criteria under the practical expedient to account for lease and non-lease components as a single lease component, which alleviates the requirement upon adoption of ASU 2016-02 that we reallocate or separately present lease and non-lease components. As a result, we will recognize consideration received from fixed common area maintenance arrangements on a straight-line basis for new or amended leases as this consideration is attributed to the lease component.

Further, ASU 2016-02 requires recognition in our consolidated balance sheets of leases of land and other arrangements where we are the lessee. Upon adoption on January 1, 2019, we recognized a right of use asset and corresponding lease liability of \$524.0 million representing the present value of future lease payments required under our lessee arrangements. We utilized lease terms ranging from 2019 to 2090 including periods for which exercising an extension option is reasonably assured and discount rates from 3.97% to 5.52% when determining the present value of future lease payments. All of our existing lessee arrangements upon adoption will continue to be classified as operating leases, in which case the pattern of lease expense recognition will be unchanged.

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

In February 2017, the FASB issued ASU 2017-05, "Other Income - Gains and Losses from the Derecognition of Nonfinancial Assets," which clarifies the scope and application of Accounting Standards Codification 610-20 on the sale or transfer of nonfinancial assets and in substance assets to noncustomers, including partial sales. The standard generally aligns the measurement of a retained interest in a nonfinancial asset with that of a retained interest in a business. It also eliminates the use of the carryover basis for contributions of real estate into a joint venture where control of the real estate is not retained, which will result in the recognition of a gain or loss upon contribution. We adopted the standard using the modified retrospective approach on January 1, 2018 and there was no cumulative effect adjustment to recognize.

In August 2017, the FASB issued ASU 2017-12, "Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities," which introduced amendments to the hedge accounting model to allow for better alignment with risk management practices in addition to simplifying the hedge accounting model. The provisions may permit more risk management strategies to qualify for hedge accounting, including interest rate hedges and foreign currency hedges. We early adopted the ASU on January 1, 2018 as permitted under the standard. There was no impact on our consolidated financial statements at adoption.

4. Real Estate Acquisitions and Dispositions

We acquire interests in properties to generate both current income and long-term appreciation in value. We acquire interests in individual properties or portfolios of retail real estate companies that meet our investment criteria and sell properties which no longer meet our strategic criteria. Unless otherwise noted below, gains and losses on these transactions are included in gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and

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interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income. We capitalize asset acquisition costs and expense costs related to business combinations, as well as disposition related costs as they are incurred. We incurred a minimal amount of transaction expenses during 2018, 2017, and 2016.

Our consolidated and unconsolidated acquisition and disposition activity for the periods presented are as follows:

2018 Acquisitions

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

2017 Acquisitions

On April 21, 2017, our controlled European investee acquired a 100% interest in an outlet center in Roosendaal, Netherlands for cash consideration of \$69.8 million and the assumption of existing mortgage debt of \$40.1 million. In May 2017, the assumed loan was refinanced with a \$69.0 million mortgage loan due in 2024, after available extension options, with an interest rate of EURIBOR plus 1.85%.

2016 Acquisitions

On January 1, 2016, as discussed further in Note 7, we gained control of the European investee that held our interest in six Designer Outlet properties, requiring a remeasurement of our previously held equity interest to fair value and a corresponding non-cash gain of \$12.1 million and which also resulted in the consolidation of two of the six properties, which had been previously unconsolidated. In February 2016, we and our partner, through this European investee, acquired a noncontrolling 75.0% ownership interest in an outlet center in Ochtrup, Germany for cash consideration of approximately \$38.3 million. On July 25, 2016, as further discussed in Note 7, this European investee also acquired the remaining 33% interest in two Italian outlet centers in Naples and Venice. The consolidation of these two properties resulted in a remeasurement of our previously held equity interest to fair value and a corresponding non-cash gain of \$29.3 million.

On April 14, 2016, as discussed further in Note 7, we acquired a noncontrolling 50% interest in The Shops at Crystals.

2018 Dispositions

During 2018, we recorded net gains of \$288.8 million primarily related to disposition activity which included the foreclosure of two consolidated retail properties in satisfaction of their \$200.0 million and \$80.0 million non-recourse mortgage loans and, as discussed in Note 7, our interest in the German department store properties owned through our investment in HBS was sold during the fourth quarter of 2018. Also, as discussed further in Note 7, Klépierre disposed of its interests in certain shopping centers during 2018, resulting in a gain of which our share was \$20.2 million.

2017 Dispositions

During 2017, we disposed of our interest in one unconsolidated retail property. The loss recognized on this transaction was approximately \$1.3 million. As discussed in Note 7, Klépierre disposed of its interests in certain shopping centers during the second quarter, resulting in a gain of which our share was \$5.0 million.

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2016 Dispositions

During 2016, we disposed of our interests in two unconsolidated multi-family residential investments, three consolidated retail properties, and four unconsolidated retail properties. Our share of the gross proceeds from these transactions was \$81.8 million. The gain on the consolidated retail properties was \$12.4 million. The gain on the unconsolidated retail properties was \$22.6 million. The aggregate gain of \$36.2 million from the sale of the two unconsolidated multi-family residential investments is included in other income and resulted in an additional \$7.2 million in taxes included in income and other taxes. As discussed in Note 7, Klépierre disposed of its interest in certain Scandinavian properties during the fourth quarter, resulting in a gain of which our share was \$8.1 million.

5. Per Share and Per Unit Data

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

Simon

| | For the Year Ended December 31, | | |
|--|---------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| Net Income attributable to Common Stockholders — Basic and Diluted | \$ 2,436,721 | \$ 1,944,625 | \$ 1,835,559 |
| Weighted Average Shares Outstanding — Basic and Diluted | 309,627,178 | 311,517,345 | 312,690,756 |

For the year ended December 31, 2018, potentially dilutive securities include units that are exchangeable for common stock and long-term incentive performance units, or LTIP units, granted under our long-term incentive performance programs that are convertible into units and exchangeable for common stock. No securities had a material dilutive effect for the years ended December 31, 2018, 2017, and 2016. We have not adjusted net income attributable to common stockholders and weighted average shares outstanding for income allocable to limited partners or units, respectively, as doing so would have no dilutive impact. We accrue dividends when they are declared.

The Operating Partnership

| | For the Year Ended December 31, | | |
|--|---------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| Net Income attributable to Unitholders — Basic and Diluted | \$ 2,805,764 | \$ 2,239,638 | \$ 2,122,236 |
| Weighted Average Units Outstanding — Basic and Diluted | 356,520,452 | 358,776,632 | 361,526,633 |

For the year ended December 31, 2018, potentially dilutive securities include LTIP units. No securities had a material dilutive effect for the years ended December 31, 2018, 2017, and 2016. We accrue distributions when they are declared.

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The taxable nature of the dividends declared and Operating Partnership distributions declared for each of the years ended as indicated is summarized as follows:

| | For the Year Ended December 31, | | | | | |
|--|---------------------------------|---|---------|---|---------|---|
| | 2018 | | 2017 | | 2016 | |
| Total dividends/distributions paid per common share/unit | \$ 7.90 | | \$ 7.15 | | \$ 6.50 | |
| Percent taxable as ordinary income | 96.20 | % | 100.00 | % | 99.70 | % |
| Percent taxable as long-term capital gains | 3.80 | % | 0.00 | % | 0.30 | % |
| | 100.00 | % | 100.00 | % | 100.00 | % |

In the first quarter of 2019, Simon's Board of Directors declared a quarterly cash dividend of \$2.05 per share of common stock payable on February 28, 2019 to stockholders of record on February 14, 2019. The Operating Partnership's distribution rate on our units is equal to the dividend rate on Simon's common stock.

6. Investment Properties

Investment properties consist of the following as of December 31:

| | 2018 | 2017 |
|---|---------------|---------------|
| Land | \$ 3,673,023 | \$ 3,635,316 |
| Buildings and improvements | 32,994,937 | 32,379,190 |
| Total land, buildings and improvements | 36,667,960 | 36,014,506 |
| Furniture, fixtures and equipment | 424,710 | 378,958 |
| Investment properties at cost | 37,092,670 | 36,393,464 |
| Less — accumulated depreciation | 12,884,539 | 11,935,949 |
| Investment properties at cost, net | \$ 24,208,131 | \$ 24,457,515 |
| Construction in progress included above | \$ 561,556 | \$ 503,692 |

7. Investments in Unconsolidated Entities and International Investments

Real Estate Joint Ventures and Investments

Joint ventures are common in the real estate industry. We use joint ventures to finance properties, develop new properties, and diversify our risk in a particular property or portfolio of properties. As discussed in Note 2, we held joint venture interests in 81 properties as of December 31, 2018 and 2017, respectively.

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

We may provide financing to joint ventures primarily in the form of interest bearing construction loans. As of December 31, 2018 and 2017, we had construction loans and other advances to related parties totaling \$85.8 million and \$87.0 million, respectively, which are included in deferred costs and other assets in the accompanying consolidated balance sheets.

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Unconsolidated Property Transactions

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

On June 7, 2018, Aventura Mall, a property in which we own a 33.3% interest, refinanced its \$1.2 billion mortgage loan and its \$200.8 million construction loan with a \$1.75 billion mortgage loan at a fixed interest rate of 4.12% that matures on July 1, 2028. An early repayment charge of \$30.9 million was incurred at the property, which along with the write-off of deferred debt issuance costs of \$6.5 million, is included in interest expense in the accompanying combined joint venture statements of operations. Our \$12.5 million share of the charge associated with the repayment is included in income from unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income. Excess proceeds from the financing were distributed to the venture partners.

We have a 50% noncontrolling interest in a joint venture with Seritage Growth Properties, or Seritage, which originally held an interest in ten Sears properties located in our malls. On November 3, 2017, we acquired additional interests in the real estate assets and/or rights to terminate leases related to twelve Sears stores located at our malls (including five stores previously held in our joint venture with Seritage), in order to redevelop these properties. Our cost of this transaction after partner participation was \$149.1 million, which is reflected as investment property.

In May 2017, Colorado Mills, a property in which we have a 37.5% interest, sustained significant hail damage. During the second quarter of 2017, the property recorded an impairment charge of approximately \$32.5 million based on the net carrying value of the assets damaged, which was fully offset by anticipated insurance recoveries. As of December 31, 2018, the property had received business interruption proceeds and also property damage proceeds of \$65.9 million, which resulted in the property recording a \$33.4 million gain in 2018. Our \$12.5 million share of the gain is reflected within the gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

On September 15, 2016, we and a group of co-investors acquired certain assets and liabilities of Aéropostale, a retailer of apparel and accessories, out of bankruptcy. The interests were acquired through two separate joint ventures, a licensing venture and an operating venture. In April 2018, we contributed our entire interest in the licensing venture in exchange for additional interests in ABG, a brand development, marketing, and entertainment company. As a result, we recognized a \$35.6 million non-cash gain representing the increase in value of our previously held interest in the licensing venture, which is included in other income in the accompanying consolidated statements of operations and comprehensive income. At December 31, 2018, our noncontrolling equity method interests in the operations venture of Aéropostale and in ABG was 44.95% and 5.40%, respectively.

On April 14, 2016, we and a joint venture partner completed the acquisition of The Shops at Crystals, a luxury shopping center on the Las Vegas Strip, for \$1.1 billion. The transaction was funded with a combination of cash on

hand, cash from our partner, and a \$550.0 million, 3.74% fixed-rate mortgage loan that will mature on July 1, 2026. We have a 50% noncontrolling interest in this joint venture and manage the day-to-day operations. Substantially all of our investment has been determined to relate to investment property based on estimated fair values at the acquisition date.

On April 5, 2016, Quaker Bridge Mall, in which we own a 50% noncontrolling interest, completed a \$180.0 million mortgage financing with a fixed interest rate of 4.50% that matures on May 1, 2026. Proceeds of approximately \$180.0 million from the financing were distributed to the joint venture partners in April 2016.

As of December 31, 2018 and 2017, we had an 11.7% noncontrolling equity interest in HBS, a joint venture we formed with Hudson's Bay Company. As of December 31, 2017, HBS had 42 properties in the U.S. and 41 properties in Germany. During the fourth quarter of 2018, our interest in the German department store properties was sold to Hudson's Bay Company and SIGNA Retail Holdings resulting in a gain of \$91.1 million. As of December 31, 2018, HBS continues to own 42 U.S. properties. Our share of net income, net of amortization of our excess investment, was \$15.1 million and \$16.1 million for the year ended December 31, 2018 and 2017, respectively. Total assets and total liabilities of HBS as of December 31, 2018 were \$1.7 billion and \$834.1 million, respectively. Total revenues, operating income and consolidated net income were approximately \$326.3 million, \$196.3 million and \$105.9 million, respectively, for the year ended December 31, 2018 and \$351.0 million, \$313.8 million, and \$220.2 million, respectively for the year ended December 31, 2017.

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International Investments

We conduct our international operations primarily through joint venture arrangements and account for the majority of these international joint venture investments using the equity method of accounting.

European Investments

At December 31, 2018, we owned 63,924,148 shares, or approximately 21.3%, of Klépierre, which had a quoted market price of \$30.86 per share. Our share of net income, net of amortization of our excess investment, was \$98.8 million, \$50.0 million and \$41.5 million for the years ended December 31, 2018, 2017 and 2016, respectively. Based on applicable Euro:USD exchange rates and after our conversion of Klépierre's results to GAAP, Klépierre's total assets, total liabilities, and noncontrolling interests were \$20.0 billion, \$12.7 billion, and \$1.4 billion, respectively, as of December 31, 2018 and \$21.8 billion, \$13.7 billion, and \$1.6 billion, respectively, as of December 31, 2017. Klépierre's total revenues, operating income and consolidated net income were approximately \$1.6 billion, \$670.4 million and \$693.0 million, respectively, for the year ended December 31, 2018, \$1.5 billion, \$545.7 million and \$381.3 million, for the year ended December 31, 2017, and \$1.5 billion, \$449.9 million and \$310.9 million, respectively, for the year ended December 31, 2016.

During the years ended December 31, 2018, 2017 and 2016, Klépierre completed the disposal of its interests in certain shopping centers. In connection with these disposals, we recorded gains of \$20.2 million, \$5.0 million and \$8.1 million, respectively, representing our share of the gains recognized by Klépierre, which is included in gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

We had an interest in a European investee that had interests in nine Designer Outlet properties as of December 31, 2018 and 2017, and seven Designer Outlet properties at December 31, 2016. On January 1, 2016, we gained control of the entity through terms of the underlying venture agreement, requiring a remeasurement of our previously held equity interest to fair value resulting in a non-cash gain of \$12.1 million in earnings during the first quarter of 2016, including amounts reclassified from accumulated other comprehensive income (loss) related to the currency translation adjustment previously recorded on our investment. The gain is included in gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income. As a result of the change in control, we consolidated two of the outlet properties on January 1, 2016. The consolidation required us to recognize the entity's identifiable assets and liabilities at fair value in our consolidated financial statements along with the fair value of the related redeemable noncontrolling interest representing our partners' share. The fair value of the consolidated assets and liabilities relates primarily to investment property, investments in unconsolidated entities and assumed mortgage debt. Due to certain redemption rights held by our venture partner, the noncontrolling interest is presented (i) in the accompanying Simon consolidated balance sheets outside of equity in limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties and (ii) in the accompanying Operating Partnership consolidated balance sheets within preferred units, various series, at liquidation

value, and noncontrolling redeemable interests in properties.

In February 2016, we and our partner, through this European investee, acquired a noncontrolling 75.0% ownership interest in an outlet center in Ochtrup, Germany for cash consideration of approximately \$38.3 million.

On July 25, 2016, this European investee also acquired the remaining 33% interest in two Italian outlet centers in Naples and Venice, as well as the remaining interests in related expansion projects and working capital for cash consideration of \$159.7 million. This resulted in the consolidation of these two properties on the acquisition date, requiring a remeasurement of our previously held equity interest to fair value and the recognition of a non-cash gain of \$29.3 million in earnings during the third quarter of 2016. Substantially all of our investment has been determined to relate to investment property based on estimated fair value at the acquisition date.

On April 7, 2017, this European investee acquired an additional 15.7% investment in the Roermond Designer Outlets Phase 4 expansion for cash consideration of approximately \$17.9 million, bringing its total noncontrolling interest in the expansion to 51.3%.

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On April 21, 2017, this European investee acquired a 100% interest in an outlet center in Roosendaal, Netherlands for cash consideration of \$69.8 million and the assumption of existing mortgage debt of \$40.1 million. In May, the assumed loan was refinanced with a \$69.0 million mortgage loan due in 2024, after available extension options, with an interest rate of EURIBOR plus 1.85%. Substantially all of our investment has been determined to relate to investment property based on estimated fair value at the acquisition date.

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

As of December 31, 2018, our legal percentage ownership interests in these properties ranged from 45% to 94%.

We also have minority interests in Value Retail PLC and affiliated entities, which own or have interests in and operate nine luxury outlets located throughout Europe and we have a direct minority ownership in three of those outlets. At December 31, 2018 and 2017, the carrying value of these equity instruments was \$140.8 million and is included in deferred costs and other assets.

Asian Joint Ventures

We conduct our international Premium Outlet operations in Japan through a joint venture with Mitsubishi Estate Co., Ltd. We have a 40% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was \$232.1 million and \$230.3 million as of December 31, 2018 and 2017, respectively, including all related components of accumulated other comprehensive income (loss). We conduct our international Premium Outlet operations in South Korea through a joint venture with Shinsegae International Co. We have a 50% noncontrolling ownership interest in this joint venture. The carrying amount of our investment in this joint venture was \$166.3 million and \$149.1 million as of December 31, 2018 and 2017, respectively, including all related components of accumulated other comprehensive income (loss).

Summary Financial Information

A summary of our equity method investments and share of income from such investments, excluding Klépierre, Aéropostale, ABG, and HBS, follows. During 2017, we disposed of our interest in one retail property. During 2016, we disposed of our interests in four retail properties and our investments in two multi-family residential assets.

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COMBINED BALANCE SHEETS

| | December 31, 2018 | December 31, 2017 |
|---|----------------------|----------------------|
| Assets: | | |
| Investment properties, at cost | \$ 18,807,449 | \$ 18,328,747 |
| Less - accumulated depreciation | 6,834,633 | 6,371,363 |
| | 11,972,816 | 11,957,384 |
| Cash and cash equivalents | 1,076,398 | 956,084 |
| Tenant receivables and accrued revenue, net | 445,148 | 403,125 |
| Deferred costs and other assets | 390,818 | 355,585 |
| Total assets | \$ 13,885,180 | \$ 13,672,178 |
| Liabilities and Partners' Deficit: | | |
| Mortgages | \$ 15,235,415 | \$ 14,784,310 |
| Accounts payable, accrued expenses, intangibles, and deferred revenue | 976,311 | 1,033,674 |
| Other liabilities | 344,205 | 365,857 |
| Total liabilities | 16,555,931 | 16,183,841 |
| Preferred units | 67,450 | 67,450 |
| Partners' deficit | (2,738,201) | (2,579,113) |
| Total liabilities and partners' deficit | \$ 13,885,180 | \$ 13,672,178 |
| Our Share of: | | |
| Partners' deficit | \$ (1,168,216) | \$ (1,144,620) |
| Add: Excess Investment | 1,594,198 | 1,733,063 |
| Our net Investment in unconsolidated entities, at equity | \$ 425,982 | \$ 588,443 |

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

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As of December 31, 2018, scheduled principal repayments on joint venture properties' mortgage indebtedness are as follows:

| | |
|--|---------------|
| 2019 | \$ 552,914 |
| 2020 | 1,114,394 |
| 2021 | 2,272,043 |
| 2022 | 1,831,834 |
| 2023 | 1,138,416 |
| Thereafter | 8,367,996 |
| Total principal maturities | 15,277,597 |
| Net unamortized debt premium | 2,225 |
| Debt issuance costs | (44,407) |
| Total mortgages and unsecured indebtedness | \$ 15,235,415 |

This debt becomes due in installments over various terms extending through 2035 with interest rates ranging from 0.31% to 11.59% and a weighted average interest rate of 4.05% at December 31, 2018.

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COMBINED STATEMENTS OF OPERATIONS

| | For the Year Ended December 31, | | |
|--|------------------------------------|--------------|--------------|
| | 2018 | 2017 | 2016 |
| REVENUE: | | | |
| Minimum rent | \$ 1,949,523 | \$ 1,868,613 | \$ 1,823,674 |
| Overage rent | 230,145 | 210,909 | 200,638 |
| Tenant reimbursements | 880,042 | 860,778 | 862,155 |
| Other income | 326,575 | 290,515 | 237,782 |
| Total revenue | 3,386,285 | 3,230,815 | 3,124,249 |
| OPERATING EXPENSES: | | | |
| Property operating | 590,921 | 551,885 | 538,002 |
| Depreciation and amortization | 652,968 | 640,286 | 588,666 |
| Real estate taxes | 259,567 | 245,646 | 239,917 |
| Repairs and maintenance | 87,408 | 81,309 | 76,380 |
| Advertising and promotion | 87,349 | 86,480 | 88,956 |
| Provision for credit losses | 14,042 | 6,645 | 7,603 |
| Other | 187,292 | 184,037 | 183,435 |
| Total operating expenses | 1,879,547 | 1,796,288 | 1,722,959 |
| Operating Income Before Other Items | 1,506,738 | 1,434,527 | 1,401,290 |
| Interest expense | (663,693) | (593,062) | (585,958) |
| Gain (loss) on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net | 33,367 | (2,239) | 101,051 |
| Net Income | \$ 876,412 | \$ 839,226 | \$ 916,383 |
| Third-Party Investors' Share of Net Income | \$ 436,767 | \$ 424,533 | \$ 452,844 |
| Our Share of Net Income | \$ 439,645 | \$ 414,693 | \$ 463,539 |
| Amortization of Excess Investment | (85,252) | (89,804) | (94,213) |
| Our Share of (Gain) Loss on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net | (12,513) | 1,342 | (22,636) |
| Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests Included in Other Income in the Consolidated Financial Statements | — | — | (36,153) |
| Income from Unconsolidated Entities | \$ 341,880 | \$ 326,231 | \$ 310,537 |

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

disposal of assets and interests in unconsolidated entities, net is reflected within gain upon acquisition of controlling interests, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net in the accompanying consolidated statements of operations and comprehensive income.

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8. Indebtedness and Derivative Financial Instruments

Our mortgages and unsecured indebtedness, excluding the impact of derivative instruments, consist of the following as of December 31:

| | 2018 | 2017 |
|---|---------------|---------------|
| Fixed-Rate Debt: | | |
| Mortgage notes, including \$11,822 and \$16,869 of net premiums and \$14,522 and \$16,106 of debt issuance costs, respectively. Weighted average interest and maturity of 3.91% and 5.6 years at December 31, 2018. | \$ 6,099,787 | \$ 6,020,552 |
| Unsecured notes, including \$44,691 and \$51,657 of net discounts and \$58,822 and \$68,535 of debt issuance costs, respectively. Weighted average interest and maturity of 3.18% and 7.2 years at December 31, 2018. | 15,535,468 | 16,375,713 |
| Commercial Paper (see below) | 758,681 | 978,467 |
| Total Fixed-Rate Debt | 22,393,936 | 23,374,732 |
| Variable-Rate Debt: | | |
| Mortgages notes, including \$5,901 and \$8,988 of debt issuance costs, respectively. Weighted average interest and maturity of 3.15% and 3.1 years at December 31, 2018. | 736,274 | 883,781 |
| Credit Facility (see below), including \$16,930 and \$17,106 of debt issuance costs, respectively, at December 31, 2018. | 108,070 | 305,530 |
| Total Variable-Rate Debt | 844,344 | 1,189,311 |
| Other Debt Obligations | 67,255 | 68,420 |
| Total Mortgages and Unsecured Indebtedness | \$ 23,305,535 | \$ 24,632,463 |

General. Our unsecured debt agreements contain financial covenants and other non financial covenants. If we were to fail to comply with these covenants, after the expiration of the applicable cure periods, the debt maturity could be accelerated or other remedies could be sought by the lender, including adjustments to the applicable interest rate. As of December 31, 2018, we were in compliance with all covenants of our unsecured debt.

At December 31, 2018, our consolidated subsidiaries were the borrowers under 45 non recourse mortgage notes secured by mortgages on 48 properties, including two separate pools of cross defaulted and cross collateralized mortgages encumbering a total of five properties. Under these cross default provisions, a default under any mortgage included in the cross defaulted pool may constitute a default under all mortgages within that pool and may lead to acceleration of the indebtedness due on each property within the pool. Certain of our secured debt instruments contain financial and other non financial covenants which are specific to the properties that serve as collateral for that debt. If the applicable borrower under these non-recourse mortgage notes were to fail to comply with these covenants, the lender could accelerate the debt and enforce its rights against their collateral. At December 31, 2018, the applicable

borrowers under these non-recourse mortgage notes were in compliance with all covenants where non-compliance could individually or in the aggregate, giving effect to applicable cross-default provisions, have a material adverse effect on our financial condition, liquidity or results of operations.

Unsecured Debt

At December 31, 2018, our unsecured debt consisted of \$15.6 billion of senior unsecured notes of the Operating Partnership, \$125.0 million outstanding under the Credit Facility, and \$758.7 million outstanding under the Operating Partnership's global unsecured commercial paper program, or Commercial Paper program.

On December 31, 2018, we had an aggregate available borrowing capacity of \$6.6 billion under the Credit Facility and the Operating Partnership's \$3.5 billion unsecured revolving credit facility, or Supplemental Facility, and together with

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the Credit Facility, the Credit Facilities. The maximum aggregate outstanding balance under the Credit Facilities during the year ended December 31, 2018 was \$423.1 million and the weighted average outstanding balance was \$238.1 million. Letters of credit of \$11.3 million were outstanding under the Credit Facilities as of December 31, 2018.

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

On February 15, 2018, the Operating Partnership amended and extended the Supplemental Facility. The Supplemental Facility's initial borrowing capacity of \$3.5 billion may be increased to \$4.5 billion during its term and provides for borrowings denominated in U.S. dollars, Euro, Yen, Sterling, Canadian dollars and Australian dollars. The initial maturity date of the Supplemental Facility was extended to June 30, 2022 and can be extended for an additional year to June 30, 2023 at our sole option, subject to our continued compliance with the terms thereof. The base interest rate on the Supplemental Facility was reduced to LIBOR plus 77.5 basis points from LIBOR plus 80 basis points, with an additional facility fee of 10 basis points.

The Operating Partnership also has available a Commercial Paper program. On November 14, 2018, we amended the Commercial Paper program to increase the initial borrowing capacity of \$1.0 billion to \$2.0 billion, or the non-U.S. dollar equivalent thereof. The Operating Partnership may issue unsecured commercial paper notes, denominated in U.S. dollars, Euro and other currencies. Notes issued in non-U.S. currencies may be issued by one or more subsidiaries of the Operating Partnership and are guaranteed by the Operating Partnership. Notes will be sold under customary terms in the U.S. and Euro commercial paper note markets and rank (either by themselves or as a result of the guarantee described above) pari passu with the Operating Partnership's other unsecured senior indebtedness. The Commercial Paper program is supported by the Credit Facilities and if necessary or appropriate, we may make one or more draws under either of the Credit Facilities to pay amounts outstanding from time to time on the Commercial Paper program. On December 31, 2018, we had \$758.7 million outstanding under the Commercial Paper program, fully comprised of U.S. dollar denominated notes with a weighted average interest rate of 2.49%. These borrowings have a weighted average maturity date of February 20, 2019 and reduce amounts otherwise available under the Credit Facilities.

On January 3, 2018, the Operating Partnership redeemed at par \$750.0 million of senior unsecured notes with a fixed interest rate of 1.50%.

On July 10, 2018, the Operating Partnership repaid Yen-denominated borrowings of \$201.3 million (U.S. dollar equivalent) on the Credit Facility.

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

Mortgage Debt

Total mortgage indebtedness was \$6.8 billion and \$6.9 billion at December 31, 2018 and 2017, respectively.

During the year ended December 31, 2018, we repaid a mortgage loan of \$86.6 million with an interest rate of 7.79%.

On July 30, 2018, Noventa di Piave Designer Outlet, in which we own a 90% interest, refinanced its €110.0 million, 1.68% variable rate mortgage loan maturing in 2020 with a €260.0 million, 2.00% fixed rate mortgage loan that matures in 2025.

On September 25, 2018, as discussed in Note 7, we acquired the remaining 50% interest in The Outlets at Orange from our joint venture partner, resulting in the consolidation of the existing fixed rate mortgage loan of \$215.0 million. The loan matures on April 1, 2024 and bears interest at 4.22%.

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Debt Maturity and Other

Our scheduled principal repayments on indebtedness as of December 31, 2018 are as follows:

| | | |
|--|---------------|-----|
| 2019 | \$ 1,416,309 | (1) |
| 2020 | 1,972,316 | |
| 2021 | 3,146,997 | |
| 2022 | 3,596,138 | |
| 2023 | 1,869,674 | |
| Thereafter | 11,365,890 | |
| Total principal maturities | 23,367,324 | |
| Net unamortized debt premium | (32,869) | |
| Debt issuance costs, net | (96,175) | |
| Other Debt Obligations | 67,255 | |
| Total mortgages and unsecured indebtedness | \$ 23,305,535 | |

(1)Includes \$600.0 million aggregate principal amount of 2.20% senior unsecured notes repaid at maturity on February 1, 2019 and \$758.7 million in Global Commercial Paper - USD.

Our cash paid for interest in each period, net of any amounts capitalized, was as follows:

| | For the Year Ended December 31, | | |
|------------------------|---------------------------------|------------|------------|
| | 2018 | 2017 | 2016 |
| Cash paid for interest | \$ 811,971 | \$ 814,729 | \$ 887,118 |

Derivative Financial Instruments

Our exposure to market risk due to changes in interest rates primarily relates to our long term debt obligations. We manage exposure to interest rate market risk through our risk management strategy by a combination of interest rate protection agreements to effectively fix or cap a portion of variable rate debt. We are also exposed to foreign currency risk on financings of certain foreign operations. Our intent is to offset gains and losses that occur on the underlying exposures, with gains and losses on the derivative contracts hedging these exposures. We do not enter into either interest rate protection or foreign currency rate protection agreements for speculative purposes.

We may enter into treasury lock agreements as part of an anticipated debt issuance. Upon completion of the debt issuance, the fair value of these instruments is recorded as part of accumulated other comprehensive income (loss) and is amortized to interest expense over the life of the debt agreement.

The unamortized loss on our treasury locks and terminated hedges recorded in accumulated other comprehensive income (loss) was \$3.0 million and \$10.1 million as of December 31, 2018 and 2017, respectively. Within the next year, we expect to reclassify to earnings approximately \$4.3 million of losses related to terminated interest rate swaps from the current balance held in accumulated other comprehensive income (loss).

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Debt Issuance Costs

Our debt issuance costs consist primarily of financing fees we incurred in order to obtain long-term financing. We record amortization of debt issuance costs on a straight-line basis over the terms of the respective loans or agreements. Details of those debt issuance costs as of December 31 are as follows:

| | 2018 | 2017 |
|--------------------------|------------|------------|
| Debt issuance costs | \$ 204,189 | \$ 200,646 |
| Accumulated amortization | (108,014) | (89,912) |
| Debt issuance costs, net | \$ 96,175 | \$ 110,734 |

We report amortization of debt issuance costs, amortization of premiums, and accretion of discounts as part of interest expense. We amortize debt premiums and discounts, which are included in mortgages and unsecured indebtedness, over the remaining terms of the related debt instruments. These debt premiums or discounts arise either at the time of the debt issuance or as part of purchase accounting for the fair value of debt assumed in acquisitions. The accompanying consolidated statements of operations and comprehensive income include amortization as follows:

| | For the Year Ended December 31, | | |
|---|---------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Amortization of debt issuance costs | \$ 21,445 | \$ 21,707 | \$ 21,703 |
| Amortization of debt discounts/(premiums) | 1,618 | 1,357 | (14,583) |

Fair Value of Debt

The carrying value of our variable rate mortgages and other loans approximates their fair values. We estimate the fair values of consolidated fixed rate mortgages using cash flows discounted at current borrowing rates and other indebtedness using cash flows discounted at current market rates. We estimate the fair values of consolidated fixed rate unsecured notes using quoted market prices, or, if no quoted market prices are available, we use quoted market prices for securities with similar terms and maturities. The book value of our consolidated fixed rate mortgages and unsecured indebtedness including commercial paper was \$22.4 billion and \$23.4 billion as of December 31, 2018 and 2017, respectively. The fair values of these financial instruments and the related discount rate assumptions as of December 31 are summarized as follows:

| | December 31, | | December 31, | |
|---|--------------|---|--------------|---|
| | 2018 | | 2017 | |
| Fair value of fixed rate mortgages and unsecured indebtedness | \$ 22,323 | | \$ 24,003 | |
| Weighted average discount rates assumed in calculation of fair value for fixed rate mortgages | 4.55 | % | 4.25 | % |
| | 4.50 | % | 4.10 | % |

Weighted average discount rates assumed in calculation of fair value for
unsecured indebtedness

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9. Rentals under Operating Leases

Future minimum rentals to be received under non-cancelable tenant 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, 2018 are as follows:

| | |
|------------|---------------|
| 2019 | \$ 2,864,804 |
| 2020 | 2,596,538 |
| 2021 | 2,300,681 |
| 2022 | 1,989,319 |
| 2023 | 1,609,389 |
| Thereafter | 3,791,543 |
| | \$ 15,152,274 |

10. Equity

Simon's Board of Directors is authorized to reclassify 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 stockholders. The issuance of additional classes or series of capital stock may have the effect of delaying, deferring or preventing a change in control of us without further action of the stockholders. The ability 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 Simon's outstanding voting stock.

Holders of common stock are entitled to one vote for each share held of record on all matters submitted to a vote of stockholders, other than for the election of directors. The holders of Simon's Class B common stock have the right to elect up to four members of Simon's Board of Directors. All 8,000 outstanding shares of the Class B common stock are subject to two voting trusts as to which Herbert Simon and David Simon are the trustees. Shares of Class B common stock convert automatically into an equal number of shares of common stock upon the occurrence of certain events and can be converted into shares of common stock at the option of the holders.

Common Stock and Unit Issuances and Repurchases

In 2018, Simon issued 92,732 shares of common stock to two limited partners of the Operating Partnership in exchange for an equal number of units pursuant to the partnership agreement of the Operating Partnership. During the year ended December 31, 2018, the Operating Partnership redeemed 454,704 units from eight limited partners for

\$81.5 million in cash. These transactions increased Simon's ownership interest in the Operating Partnership.

On September 25, 2018, the Operating Partnership issued 475,183 units in connection with the acquisition of the remaining 50% interest in The Outlets at Orange, as discussed in Note 4.

On February 13, 2017, Simon's Board of Directors authorized a two-year extension of the previously authorized \$2.0 billion common stock repurchase plan through March 31, 2019. On February 11, 2019, Simon's Board of Directors authorized a new common stock repurchase plan. Under the new program, the Company may purchase up to \$2.0 billion of its common stock during the two-year period ending February 11, 2021. Simon may repurchase the shares in the open market or in privately negotiated transactions as market conditions warrant. During the year ended December 31, 2018, Simon repurchased 2,275,194 shares at an average price of \$155.64 per share as part of this program. During the year ended December 31, 2017, Simon repurchased 2,468,630 shares at an average price of \$164.87 per share as part of this program. As Simon repurchases shares under this program, the Operating Partnership repurchases an equal number of units from Simon.

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Temporary Equity

Simon

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

Limited Partners' Preferred Interest in the Operating Partnership and Noncontrolling Redeemable Interests in Properties. The redemption features of the preferred units in the Operating Partnership contain provisions which could require the Operating Partnership to settle the redemption in cash. As a result, this series of preferred units in the Operating Partnership remains classified outside permanent equity.

The remaining interests in a property or portfolio of properties which are redeemable at the option of the holder or in circumstances that may be outside Simon's control, are accounted for as temporary equity. The carrying amount of the noncontrolling interest is adjusted to the redemption amount assuming the instrument is redeemable at the balance sheet date. Changes in the redemption value of the underlying noncontrolling interest are recorded and presented within accumulated deficit in the consolidated statements of equity in the line issuance of unit equivalents and other. There were no noncontrolling interests redeemable at amounts in excess of fair value as of December 31, 2018 and 2017. The following table summarizes the preferred units in the Operating Partnership and the amount of the noncontrolling redeemable interests in properties as of December 31.

| | 2018 | 2017 |
|---|------------|------------|
| 7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding | \$ 25,537 | \$ 25,537 |
| Other noncontrolling redeemable interests in properties | 204,626 | 164,943 |
| Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests in properties | \$ 230,163 | \$ 190,480 |

7.50% Cumulative Redeemable Preferred Units. This series of preferred units accrues cumulative quarterly distributions at a rate of \$7.50 annually. The preferred units are redeemable by the Operating Partnership upon the death of the survivor of the original holders, or the transfer of any preferred units to any person or entity other than the persons or entities entitled to the benefits of the original holder. The redemption price is the liquidation value (\$100.00 per preferred unit) plus accrued and unpaid distributions, payable either in cash or fully registered shares of common stock at our election. In the event of the death of a holder of the preferred units, the occurrence of certain tax triggering events applicable to the holder, or on or after November 10, 2006, the holder may require the Operating Partnership to redeem the preferred units at the same redemption price payable at the option of the Operating Partnership in either cash or shares of common stock. These preferred units have a carrying value of \$25.5 million and are included in limited partners' preferred interest in the Operating Partnership in the consolidated balance sheets

at December 31, 2018 and 2017.

The Operating Partnership

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

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Noncontrolling Redeemable Interests in Properties Redeemable instruments, which typically represent the remaining interest in a property or portfolio of properties, and which are redeemable at the option of the holder or in circumstances that may be outside our control, are accounted for as temporary equity. The carrying amount of the noncontrolling interest is adjusted to the redemption amount assuming the instrument is redeemable at the balance sheet date. Changes in the redemption value of the underlying noncontrolling interest are recorded within equity and are presented in the consolidated statements of equity in the line issuance of unit equivalents and other. There are no noncontrolling interests redeemable at amounts in excess of fair value as of December 31, 2018 and 2017. The following table summarizes the preferred units and the amount of the noncontrolling redeemable interests in properties as of December 31.

| | 2018 | 2017 |
|---|------------|------------|
| 7.50% Cumulative Redeemable Preferred Units, 260,000 units authorized, 255,373 issued and outstanding | \$ 25,537 | \$ 25,537 |
| Other noncontrolling redeemable interests in properties | 204,626 | 164,943 |
| Total preferred units, at liquidation value, and noncontrolling redeemable interests in properties | \$ 230,163 | \$ 190,480 |

7.50% Cumulative Redeemable Preferred Units The 7.50% preferred units accrue cumulative quarterly distributions at a rate of \$7.50 annually. We may redeem the preferred units upon the death of the survivor of the original holders, or the transfer of any preferred units to any person or entity other than the persons or entities entitled to the benefits of the original holder. The redemption price is the liquidation value (\$100.00 per preferred unit) plus accrued and unpaid distributions, payable either in cash or fully registered shares of common stock of Simon at our election. In the event of the death of a holder of the 7.5% preferred units, the occurrence of certain tax triggering events applicable to the holder, or on or after November 10, 2006, the holder may require the Operating Partnership to redeem the preferred units at the same redemption price payable at the Operating Partnership's option in either cash or fully registered shares of common stock of Simon. These preferred units have a carrying value of \$25.5 million and are included in preferred units, at liquidation value in the consolidated balance sheets at December 31, 2018 and 2017.

Permanent Equity**Simon**

Preferred Stock. Dividends on all series of preferred stock are calculated based upon the preferred stock's preferred return multiplied by the preferred stock's corresponding liquidation value. The Operating Partnership pays preferred distributions to Simon equal to the dividends Simon pays on the preferred stock issued.

Series J 83/8% Cumulative Redeemable Preferred Stock. Dividends accrue quarterly at an annual rate of 83/8% per share. Simon can redeem this series, in whole or in part, on or after October 15, 2027 at a redemption price of \$50.00 per share, plus accumulated and unpaid dividends. This preferred stock was issued at a premium of \$7.5 million. The unamortized premium included in the carrying value of the preferred stock at December 31, 2018 and 2017 was

\$2.9 million and \$3.2 million, respectively.

The Operating Partnership

Series J $8\frac{3}{8}\%$ Cumulative Redeemable Preferred Units. Distributions accrue quarterly at an annual rate of $8\frac{3}{8}\%$ per unit on the Series J $8\frac{3}{8}\%$ preferred units, or Series J preferred units. Simon owns all of the Series J preferred units which have the same economic rights and preferences of an outstanding series of Simon preferred stock. The Operating Partnership can redeem this series, in whole or in part, when Simon can redeem the related preferred stock, on and after October 15, 2027 at a redemption price of \$50.00 per unit, plus accumulated and unpaid distributions. The Series J preferred units were issued at a premium of \$7.5 million. The unamortized premium included in the carrying value of the preferred units at December 31, 2018 and 2017 was \$2.9 million and \$3.2 million, respectively. There are 1,000,000 Series J preferred units authorized and 796,948 Series J preferred units issued and outstanding.

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Other Equity Activity

The Simon Property Group 1998 Stock Incentive Plan, as amended. This plan, or the 1998 plan, provides for the grant of equity based awards with respect to the equity of Simon in the form of options to purchase shares, stock appreciation rights, restricted stock grants and performance based unit awards. Options may be granted which are qualified as “incentive stock options” within the meaning of Section 422 of the Internal Revenue Code and options which are not so qualified. An aggregate of 16,300,000 shares of common stock have been reserved for issuance under the 1998 plan.

The 1998 plan is administered by the Compensation Committee of Simon’s Board of Directors, or the Compensation Committee. The Compensation Committee determines which eligible individuals may participate and the type, extent and terms of the awards to be granted to them. In addition, the Compensation Committee interprets the 1998 plan and makes all other determinations deemed advisable for its administration. Options granted to employees become exercisable over the period determined by the Compensation Committee. The exercise price of an employee option may not be less than the fair market value of the shares on the date of grant. Employee options generally vest over a three year period and expire ten years from the date of grant.

Directors who are not also our employees or employees of our affiliates are eligible to receive awards under the 1998 plan. Each independent director receives an annual cash retainer of \$110,000, and an annual restricted stock award with a grant date value of \$175,000. Committee chairs receive annual retainers for the Company’s Audit, Compensation, and Governance and Nominating Committees of \$35,000, \$35,000 and \$25,000, respectively. Directors receive fixed annual retainers for service on the Audit, Compensation and Governance and Nominating Committees, of \$15,000, \$15,000, and \$10,000, respectively. The Lead Director receives an annual retainer of \$50,000. These retainers are paid 50% in cash and 50% in restricted stock.

Restricted stock awards vest in full after one year. Once vested, the delivery of the shares of restricted stock (including reinvested dividends) is deferred under our Director Deferred Compensation Plan until the director retires, dies or becomes disabled or otherwise no longer serves as a director. The directors may vote and are entitled to receive dividends on the underlying shares; however, any dividends on the shares of restricted stock must be reinvested in shares of common stock and held in the Director Deferred Compensation Plan until the shares of restricted stock are delivered to the former director.

Stock Based Compensation

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

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

Awards under the LTIP program for 2016 will be considered earned if, and only to the extent to which, applicable total shareholder return, or TSR, performance measures, as defined in the applicable award agreements, are achieved during the applicable performance periods. Once earned, LTIP units are subject to a two-year vesting period. One half of

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the earned LTIP units will vest on January 1 of each of the second and third years following the end of the applicable performance period.

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

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

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

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

| LTIP Program | LTIP Units Earned | Grant Date Fair Value of TSR Award | Grant Date Target Value of FFO-Based Award |
|------------------------|--------------------------|------------------------------------|--|
| 2013-2015 LTIP program | 466,405 | \$28.5 million | — |
| 2014-2016 LTIP program | 120,314 | \$27.5 million | — |
| 2015-2017 LTIP program | — | \$21.6 million | — |
| 2016-2018 LTIP program | To be determined in 2019 | \$22.7 million | — |
| | To be determined in 2020 | \$6.1 million | \$6.1 million |

2018 LTIP program -
Tranche A
2018 LTIP program -
Tranche B

To be determined in 2021 \$6.1 million

\$6.1 million

We recorded compensation expense, net of capitalization and forfeitures, related to these LTIP programs of approximately \$12.0 million, \$14.0 million, and \$31.0 million for the years ended December 31, 2018, 2017 and 2016, respectively.

Restricted Stock. The 1998 plan also provides for shares of restricted stock to be granted to certain employees at no cost to those employees, subject to achievement of individual performance and certain financial and return based performance measures established by the Compensation Committee related to the most recent year's performance. Once granted, the shares of restricted stock then vest annually over a three year or a four year period (as defined in the award). The cost of restricted stock grants, which is based upon the stock's fair market value on the grant date, is recognized as expense ratably over the vesting period. Through December 31, 2018 a total of 5,786,423 shares of restricted stock, net of

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forfeitures, have been awarded under the 1998 plan. Information regarding restricted stock awards is summarized in the following table for each of the years presented:

| | For the Year Ended December 31, | | |
|--|------------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Shares of restricted stock awarded during the year, net of forfeitures | 51,756 | 76,660 | 63,324 |
| Weighted average fair value of shares granted during the year | \$ 153.24 | \$ 170.81 | \$ 209.16 |
| Annual amortization | \$ 12,029 | \$ 13,911 | \$ 12,024 |

We recorded compensation expense, net of capitalization, related to restricted stock for employees and non-employee directors of approximately \$7.8 million, \$9.0 million, and \$9.1 million for the years ended December 31, 2018, 2017 and 2016, respectively.

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

We also maintain a tax qualified retirement 401(k) savings plan and offer no other post retirement or post employment benefits to our employees.

Exchange Rights

Simon

Limited partners in the Operating Partnership 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 determined by Simon's 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 Simon's common stock at that time. At December 31, 2018, Simon had reserved 50,643,747 shares of common stock for possible issuance upon the exchange of units, stock options and Class B common stock.

The Operating Partnership

Limited partners have the right under the partnership agreement to exchange all or any portion of their units for shares of Simon common stock on a one-for-one basis or cash, as determined by Simon in its sole discretion. If Simon selects cash, Simon cannot cause the Operating Partnership to redeem the exchanged units for cash without contributing cash to the Operating Partnership as partners' equity sufficient to effect the redemption. If sufficient cash is not contributed, Simon will be deemed to have elected to exchange the units for shares of Simon common stock. The amount of cash to

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

be paid if the exchange right is exercised and the cash option is selected will be based on the trading price of Simon's common stock at that time. The number of shares of Simon's common stock issued pursuant to the exercise of the exchange right will be the same as the number of units exchanged.

11. Commitments and Contingencies

Litigation

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

Subsequent to December 31, 2018, we settled a lawsuit with our former insurance broker, Aon Risk Services Central Inc., related to the significant flood damage sustained at Opry Mills in May 2010. In accordance with a previous agreement with the prior co-investor in Opry Mills, a portion of the settlement was remitted to the co-investor. Our share of the settlement was approximately \$68.0 million, which was recorded as other income in the first quarter of 2019.

Lease Commitments

As of December 31, 2018, a total of 23 of the consolidated properties are subject to ground leases. The termination dates of these ground leases range from 2019 to 2090. These ground leases generally require us to make fixed annual rental payments, or a fixed annual rental payment plus a percentage rent component based upon the revenues or total sales of the property. In addition, we have several regional office locations that are subject to leases with termination dates ranging from 2019 to 2028. These office leases generally require us to make fixed annual rental payments plus pay our share of common area, real estate and utility expenses. Some of our ground and office leases include escalation clauses and renewal options. We incurred ground lease expense and office lease expense, which are included in other expense and home office and regional expense, respectively, as follows:

| | For the Year Ended December 31, | | |
|----------------------|------------------------------------|-----------|-----------|
| | 2018 | 2017 | 2016 |
| Ground lease expense | \$ 42,670 | \$ 40,864 | \$ 38,764 |
| Office lease expense | 4,650 | 4,481 | 4,105 |

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

| | |
|------------|--------------|
| 2019 | \$ 32,417 |
| 2020 | 32,403 |
| 2021 | 32,686 |
| 2022 | 32,698 |
| 2023 | 32,729 |
| Thereafter | 947,886 |
| | \$ 1,110,819 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

Insurance

We maintain insurance coverage with third party carriers who provide a portion of the coverage for specific layers of potential losses, including commercial general liability, fire, flood, extended coverage and rental loss insurance on all of our properties in the United States. The initial portion of coverage not provided by third party carriers is either insured through our wholly owned captive insurance company, Bridgewood Insurance Company, Ltd., or other financial arrangements controlled by us. If required, a third party carrier has, in turn, agreed to provide evidence of coverage for this layer of losses under the terms and conditions of the carrier's policy. A similar policy written either through our captive insurance company or other financial arrangements controlled by us also provides initial coverage for property insurance and certain windstorm risks at the properties located in coastal windstorm locations.

We currently maintain insurance coverage against acts of terrorism on all of our properties in the United States on an "all risk" basis in the amount of up to \$1 billion. Despite the existence of this insurance coverage, any threatened or actual terrorist attacks where we operate could adversely affect our property values, revenues, consumer traffic and tenant sales.

Hurricane Impacts

During the third quarter of 2017, two of our wholly-owned properties located in Puerto Rico sustained significant damage as a result of Hurricane Maria. Due to the conditions on the island, we were unable to determine a reliable estimate or a range of reliable estimates of the extent of the damages at these properties at the end of the third quarter of 2017. During the fourth quarter of 2017, as additional information became available, we recorded an impairment of approximately \$19.0 million related to damages at these properties, which was offset by an insurance recovery receivable.

Since the date of the loss, we have received \$56.6 million of insurance proceeds from third-party carriers related to the two properties located in Puerto Rico, of which \$38.7 million was used for property restoration and remediation and to reduce the insurance recovery receivable. In 2018, we recorded \$17.9 million as business interruption proceeds in other income in the accompanying consolidated statements of operations and comprehensive income.

Guarantees of Indebtedness

Joint venture debt is the liability of the joint venture and is typically secured by the joint venture property, which is non recourse to us. As of December 31, 2018 and 2017, the Operating Partnership guaranteed joint venture related mortgage indebtedness of \$216.1 million and \$211.6 million, respectively (of which we have a right of recovery from our venture partners of \$10.8 million). Mortgages guaranteed by the Operating Partnership are secured by the property of the joint venture which could be sold in order to satisfy the outstanding obligation and which have estimated fair values in excess of the guaranteed amount.

Concentration of Credit Risk

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

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

12. Related Party Transactions

Our management company provides management, insurance, and other services to Melvin Simon & Associates, Inc., a related party, unconsolidated joint ventures, and other non owned related party properties. Amounts for services provided by our management company and its affiliates to our unconsolidated joint ventures and other related parties were as follows:

| | For the Year Ended December 31, | | |
|--|------------------------------------|------------|------------|
| | 2018 | 2017 | 2016 |
| Amounts charged to unconsolidated joint ventures | \$ 111,476 | \$ 116,447 | \$ 138,496 |
| Amounts charged to properties owned by related parties | 4,810 | 4,812 | 5,384 |

During 2018, 2017 and 2016, we recorded development, royalty and other fee income, net of elimination, related to our international investments of \$16.0 million, \$15.5 million and \$14.4 million, respectively. Also during 2018, 2017 and 2016, we received fees related to financing services, net of elimination, provided to unconsolidated joint ventures of \$0.5 million, \$1.6 million and \$9.1 million, respectively. The fees related to our international investments and financing activities are included in other income in the accompanying consolidated statements of operations and comprehensive income.

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Consolidated Financial Statements

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

13. Quarterly Financial Data (Unaudited)

Quarterly 2018 and 2017 data is summarized in the table below. Quarterly amounts may not sum to annual amounts due to rounding.

| | First Quarter | Second Quarter | Third Quarter | Fourth Quarter |
|---|------------------|-------------------|------------------|-------------------|
| 2018 | | | | |
| Total revenue | \$ 1,399,814 | \$ 1,388,358 | \$ 1,409,005 | \$ 1,460,743 |
| Operating income before other items | 701,933 | 737,675 | 717,391 | 754,089 |
| Consolidated net income | 715,524 | 631,414 | 642,212 | 833,192 |
| Simon Property Group, Inc. | | | | |
| Net income attributable to common stockholders | \$ 620,654 | \$ 547,004 | \$ 556,267 | \$ 712,796 |
| Net income per share — Basic and Diluted | \$ 2.00 | \$ 1.77 | \$ 1.80 | \$ 2.30 |
| Weighted average shares outstanding — Basic and Diluted | 310,583,643 | 309,355,154 | 309,294,045 | 309,293,708 |
| Simon Property Group, L.P. | | | | |
| Net income attributable to unitholders | \$ 714,303 | \$ 629,822 | \$ 640,402 | \$ 821,237 |
| Net income per unit — Basic and Diluted | \$ 2.00 | \$ 1.77 | \$ 1.80 | \$ 2.30 |
| Weighted average units outstanding — Basic and Diluted | 357,446,988 | 356,181,817 | 356,073,080 | 356,396,387 |
| 2017 | | | | |
| Total revenue | \$ 1,345,763 | \$ 1,361,548 | \$ 1,403,638 | \$ 1,427,692 |
| Operating income before other items | 676,671 | 686,149 | 690,068 | 749,452 |
| Consolidated net income | 551,075 | 441,373 | 592,635 | 659,821 |
| Simon Property Group, Inc. | | | | |
| Net income attributable to common stockholders | \$ 477,736 | \$ 381,990 | \$ 513,783 | \$ 571,116 |
| Net income per share — Basic and Diluted | \$ 1.53 | \$ 1.23 | \$ 1.65 | \$ 1.84 |
| Weighted average shares outstanding — Basic and Diluted | 312,809,981 | 311,579,301 | 310,853,299 | 310,855,573 |
| Simon Property Group, L.P. | | | | |
| Net income attributable to unitholders | \$ 550,006 | \$ 439,986 | \$ 591,872 | \$ 657,774 |
| Net income per unit — Basic and Diluted | \$ 1.53 | \$ 1.23 | \$ 1.65 | \$ 1.84 |

| | | | | |
|--------------------------------------|-------------|-------------|-------------|-------------|
| Weighted average units outstanding — | | | | |
| Basic and Diluted | 360,130,442 | 358,865,806 | 358,115,572 | 358,025,108 |

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

None.

Item 9A. Controls and Procedures

Simon

Management's Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of Simon's disclosure controls and procedures as of December 31, 2018.

Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2018, Simon's disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

Simon is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) under the Exchange Act as a process designed by, or under the supervision of, Simon's principal executive and principal financial officers and effected by Simon's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of Simon's internal control over financial reporting as of December 31, 2018. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on that assessment and criteria, we believe that, as of December 31, 2018, Simon's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm

The audit report of Ernst & Young LLP on their assessment of Simon's internal control over financial reporting as of December 31, 2018 is set forth within Item 8 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

There have not been any changes in Simon's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, Simon's internal control over financial reporting.

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The Operating Partnership

Management's Evaluation of Disclosure Controls and Procedures

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

Our management, with the participation of Simon's Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of the Operating Partnership's disclosure controls and procedures as of December 31, 2018. Based on that evaluation, Simon's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2018, the Operating Partnership's disclosure controls and procedures were effective at a reasonable assurance level.

Management's Report on Internal Control Over Financial Reporting

The Operating Partnership is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) under the Exchange Act as a process designed by, or under the supervision of, Simon's principal executive and principal financial officers and effected by Simon's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and disposition of assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

We assessed the effectiveness of the Operating Partnership's internal control over financial reporting as of December 31, 2018. In making this assessment, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework (2013). Based on that assessment and criteria, we believe that, as of December 31, 2018, the Operating Partnership's internal control over financial reporting was effective.

Attestation Report of the Registered Public Accounting Firm

The audit report of Ernst & Young LLP on their assessment of the Operating Partnership's internal control over financial reporting as of December 31, 2018 is set forth within Item 8 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

There have not been any changes in the Operating Partnership's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the year ended December 31, 2018 that have materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

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Item 9B. Other Information

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

Part III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item is incorporated herein by reference to the definitive proxy statement for Simon's 2019 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A and the information included under the caption "Executive Officers of the Registrant" in Part I hereof.

Item 11. Executive Compensation

The information required by this item is incorporated herein by reference to the definitive proxy statement for Simon's 2019 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item is incorporated herein by reference to the definitive proxy statement for Simon's 2019 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required by this item is incorporated herein by reference to the definitive proxy statement for Simon's 2019 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A.

Item 14. Principal Accountant Fees and Services

The information required by this item is incorporated herein by reference to the definitive proxy statement for Simon's 2019 annual meeting of stockholders to be filed with the SEC pursuant to Regulation 14A.

The Audit Committee of Simon's Board of Directors pre-approves all audit and permissible non-audit services to be provided by Ernst & Young LLP, or Ernst & Young, Simon's and the Operating Partnership's independent registered public accounting firm, prior to commencement of services. The Audit Committee has delegated to the Chairman of the Audit Committee the authority to pre-approve specific services up to specified individual and aggregate fee amounts. These pre-approval decisions are presented to the full Audit Committee at the next scheduled meeting after such approvals are made. We have incurred fees as shown below for services from Ernst & Young as Simon's and the Operating Partnership's independent registered public accounting firm and for services provided to our managed consolidated and joint venture properties and our consolidated non-managed properties. Ernst & Young has advised us that it has billed or will bill these indicated amounts for the following categories of services for the years ended December 31, 2018 and 2017, respectively:

| | 2018 | 2017 |
|----------------|--------------|--------------|
| Audit Fees (1) | \$ 3,941,000 | \$ 3,959,000 |

| | | |
|------------------------|-----------|-----------|
| Audit Related Fees (2) | 5,024,000 | 5,124,000 |
| Tax Fees (3) | 191,000 | 336,000 |
| All Other Fees | — | — |

(1) Audit Fees include fees for the audits of the financial statements and the effectiveness of internal control over financial reporting for Simon and the Operating Partnership and services associated with the related SEC registration statements, periodic reports, and other documents issued in connection with securities offerings.

(2) Audit Related Fees include audits of individual or portfolios of properties and schedules to comply with lender, joint venture partner or contract requirements and due diligence services. Our share of these Audit-Related Fees was approximately 60% and 59% for the years ended 2018 and 2017, respectively.

(3) Tax Fees include fees for international and other tax consulting services and tax return compliance services associated with the tax returns for certain joint ventures as well as other miscellaneous tax compliance services. Our share of these Tax Fees was approximately 59% and 79% for 2018 and 2017, respectively.

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Part IV

Item 15. Exhibits and Financial Statement Schedules

| | Page No. |
|--|----------|
| (a) (1) Financial Statements | |
| The following consolidated financial statements of Simon Property Group, Inc. and Simon Property Group, L.P. are set forth in Part II, item 8. | |
| <u>Reports of Independent Registered Public Accounting Firm</u> | 74 |
| Consolidated Financial Statements of Simon Property Group, Inc. | |
| <u>Consolidated Balance Sheets as of December 31, 2018 and 2017</u> | 78 |
| <u>Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2018, 2017 and 2016</u> | 79 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016</u> | 80 |
| <u>Consolidated Statements of Equity for the years ended December 31, 2018, 2017 and 2016</u> | 81 |
| Consolidated Financial Statements of Simon Property Group, L.P. | |
| <u>Consolidated Balance Sheets as of December 31, 2018 and 2017</u> | 82 |
| <u>Consolidated Statements of Operations and Comprehensive Income for the years ended December 31, 2018, 2017 and 2016</u> | 83 |
| <u>Consolidated Statements of Cash Flows for the years ended December 31, 2018, 2017 and 2016</u> | 84 |
| <u>Consolidated Statements of Equity for the years ended December 31, 2018, 2017 and 2016</u> | 85 |
| <u>Notes to Consolidated Financial Statements</u> | 86 |
| (2) Financial Statement Schedule | |
| <u>Simon Property Group, Inc. and Simon Property Group, L.P. Schedule III — Schedule of Real Estate and Accumulated Depreciation</u> | 136 |
| <u>Notes to Schedule III</u> | 142 |
| Other financial statement schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. | |
| (3) Exhibits | |
| <u>The Exhibit Index attached hereto is hereby incorporated by reference to this Item.</u> | 129 |

Item 16. Form 10-K Summary

None.

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EXHIBIT INDEX

Exhibits

- 2.1 Separation and Distribution Agreement by and among Simon Property Group, Inc., Simon Property Group, L.P., Washington Prime Group Inc. and Washington Prime Group, L.P., dated as of May 27, 2014 (incorporated by reference to Exhibit 2.1 of the Registrant's Current Report on Form 8 K filed May 29, 2014).
- 3.1 Restated Certificate of Incorporation of Simon Property Group, Inc. (incorporated by reference to Appendix A of Simon Property Group, Inc.'s Proxy Statement on Schedule 14A filed March 27, 2009).
- 3.2 Amended and Restated By-Laws of Simon Property Group, Inc. as adopted on March 20, 2017 (incorporated by reference to Exhibit 3.1 of Simon Property Group, Inc.'s Current Report on Form 8-K filed March 24, 2017).
- 3.3 Certificate of Powers, Designations, Preferences and Rights of the 83⅔% Series J Cumulative Redeemable Preferred Stock, \$0.0001 Par Value (incorporated by reference to Exhibit 3.2 of Simon Property Group, Inc.'s Current Report on Form 8 K filed October 20, 2004).
- 3.4 Certificate of Designation of Series A Junior Participating Redeemable Preferred Stock (incorporated by reference to Exhibit 3.1 of Simon Property Group, Inc.'s Current Report on Form 8 K filed May 15, 2014).
- 3.5 Second Amended and Restated Certificate of Limited Partnership of the Limited Partnership (incorporated by reference to Exhibit 3.1 of Simon Property Group, L.P.'s Annual Report on Form 10-K filed March 31, 2003).
- 3.6 Eighth Amended and Restated Limited Partnership Agreement of Simon Property Group, L.P. dated as of May 8, 2008 (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8 K filed May 9, 2008).
- 3.7 Certificate of Designation of Series B Junior Participating Redeemable Preferred Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 3.1 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed August 8, 2014).
- 3.8 Agreement between Simon Property Group, Inc. and Simon Property Group, L.P. dated March 7, 2007, but effective as of August 27, 1999, regarding a prior agreement filed under an exhibit 99.1 to Form S-3/A of Simon Property Group, L.P. on November 20, 1996 (incorporated by reference to Exhibit 3.4 of Simon Property Group, L.P.'s Annual Report on Form 10-K filed March 16, 2007).
- 3.9 Agreement between Simon Property Group, Inc. and Simon Property Group, L.P. dated April 29, 2009, but effective as of October 14, 2004, regarding redemption of the Registrant's Series I Preferred Units (incorporated by reference to Exhibit 3.2 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed May 8, 2009).
- 4.1 (a) Indenture, dated as of November 26, 1996, by and among Simon Property Group, L.P. and The Chase Manhattan Bank, as trustee (incorporated by reference to Exhibit 4.1 of Simon Property Group, L.P.'s Registration Statement on Form S-3 filed October 21, 1996 (Reg. No. 333-11491)).

- 9.1 Second Amended and Restated Voting Trust Agreement, Voting Agreement and Proxy dated as of March 1, 2004 between Melvin Simon & Associates, Inc., on the one hand and Melvin Simon, Herbert Simon and David Simon on the other hand (incorporated by reference to Exhibit 9.1 of Simon Property Group, Inc.'s Quarterly Report on Form 10-Q filed May 10, 2004).
- 9.2 Voting Trust Agreement, Voting Agreement and Proxy dated as of March 1, 2004 between David Simon, Melvin Simon and Herbert Simon (incorporated by reference to Exhibit 9.2 of Simon Property Group, Inc.'s Quarterly Report on Form 10-Q filed May 10, 2004).
- 10.1 Form of the Indemnity Agreement between Simon Property Group, Inc. and its directors and officers (incorporated by reference to Exhibit 10.7 of Simon Property Group, Inc.'s Form S-4 filed August 13, 1998 (Reg. No. 333-61399)).
- 10.2 Registration Rights Agreement, dated as of September 24, 1998, by and among Simon Property Group, Inc. and the persons named therein (incorporated by reference to Exhibit 4.4 of Simon Property Group, Inc.'s Current Report on Form 8-K filed October 9, 1998).

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Exhibits

- 10.3 Registration Rights Agreement, dated as of August 27, 1999, by and among Simon Property Group, Inc. and the persons named therein (incorporated by reference to Exhibit 4.4 of the Registration Statement on Form S-3 filed March 24, 2004 (Reg. No. 333-113884)).
- 10.4 Registration Rights Agreement, dated as of November 14, 1997, by and between O'Connor Retail Partners, L.P. and Simon DeBartolo Group, Inc. (incorporated by reference to Exhibit 4.8 of the Registration Statement on Form S-3 filed December 7, 2001 (Reg. No. 333-74722)).
- 10.5* Simon Property Group, L.P. Amended and Restated 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8-K filed April 10, 2014).
- 10.6* Form of Nonqualified Stock Option Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.8 of Simon Property Group, Inc.'s Annual Report on Form 10-K filed March 16, 2005).
- 10.7* Form of Performance Based Restricted Stock Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.9 of Simon Property Group, Inc.'s Annual Report on Form 10-K filed February 28, 2007).
- 10.8* Form of Non-Employee Director Restricted Stock Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.10 of Simon Property Group, Inc.'s Annual Report on Form 10-K filed March 16, 2005).
- 10.9* Employment Agreement between Simon Property Group, Inc. and David Simon effective as of July 6, 2011 (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Current Report on Form 8-K filed July 7, 2011).
- 10.10* First Amendment to Employment Agreement between Simon Property Group, Inc. and David Simon, dated as of March 29, 2013 (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8-K filed April 4, 2013).
- 10.11* Non-Qualified Deferred Compensation Plan dated as of December 31, 2008 (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Quarterly Report on Form 10-Q filed November 5, 2009).
- 10.12* Amendment — 2008 Performance Based Restricted Stock Agreement dated as of March 6, 2009 (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Quarterly Report on Form 10-Q filed November 5, 2009).
- 10.13* Certificate of Designation of Series 2010 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.4 of Simon Property Group, Inc.'s Current Report on Form 8-K filed March 19, 2010).
- 10.14* Form of Series 2010 LTIP Unit (Three Year Program) Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8-K filed March 19, 2010).
- 10.15*

Form of Series 2010 LTIP Unit (Two Year Program) Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Current Report on Form 8 K filed March 19, 2010).

- 10.16* Form of Series 2010 LTIP Unit (One Year Program) Award Agreement under the Simon Property Group, L.P. 1998 Stock Incentive Plan (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Current Report on Form 8 K filed March 19, 2010).
- 10.17* Certificate of Designation of Series CEO LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Current Report on Form 8-K filed July 7, 2011).
- 10.18* Simon Property Group Series CEO LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.4 of Simon Property Group, Inc.'s Current Report on Form 8 K filed July 7, 2011).

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Exhibits

- 10.19* First Amendment to Simon Property Group Series CEO LTIP Unit Award Agreement dated as of December 22, 2011 (incorporated by reference to Exhibit 10.24 of Simon Property Group, Inc.'s Annual Report on Form 10 K filed February 28, 2012).
- 10.20* Second Amendment to Simon Property Group Series CEO LTIP Unit Award Agreement, dated as of March 29, 2013 (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Current Report on Form 8 K filed April 4, 2013).
- 10.21* Simon Property Group Amended and Restated Series CEO LTIP Unit Award Agreement, dated as of December 31, 2013 (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8 K filed January 2, 2014).
- 10.22* Certificate of Designation of Series 2011 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.5 of Simon Property Group, Inc.'s Current Report on Form 8-K filed July 7, 2011).
- 10.23* Form of Simon Property Group Series 2011 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.6 of Simon Property Group, Inc.'s Current Report on Form 8 K filed July 7, 2011).
- 10.24* Certificate of Designation of Series 2012 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.2 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed May 11, 2012).
- 10.25* Amended and Restated Certificate of Designation of Series 2012 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.5 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed May 7, 2014).
- 10.26* Form of Simon Property Group Series 2012 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Quarterly Report on Form 10 Q filed May 8, 2012).
- 10.27* Simon Property Group Amended and Restated Series 2012 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s Current Report on Form 8 K filed April 28, 2014).
- 10.28* Certificate of Designation of Series 2013 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.2 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed May 10, 2013).
- 10.29* Form of Simon Property Group Series 2013 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Current Report on Form 8 K filed April 4, 2013).
- 10.30* Form of Simon Property Group Executive Officer LTIP Waiver, dated April 18, 2014 (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Current Report on Form 8 K filed April 28, 2014).
- 10.31* Simon Property Group CEO LTIP Unit Adjustment Waiver, dated April 18, 2014 (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Current Report on Form 8 K filed April 28, 2014).
- 10.32*

Form of Simon Property Group Series 2014 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s Quarterly Report on Form 10-Q filed May 7, 2014).

- 10.33* Certificate of Designation of Series 2014 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.3 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q filed May 7, 2014).
- 10.34 Amended and Restated \$2,750,000,000 Credit Agreement dated as of March 2, 2015 (incorporated by reference to Exhibit 10.1 of Simon Property Group, L.P.'s Current Report on Form 8 K filed March 3, 2015).
- 10.35* Form of Simon Property Group Series 2015 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.3 of Simon Property Group, Inc.'s Quarterly Report on Form 10 Q/A for the quarter ended March 31, 2015 filed on January 13, 2016).

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Exhibits

| | |
|--------|---|
| 10.36* | <u>Certificate of Designation of Series 2015 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.4 of Simon Property Group, L.P.'s Quarterly Report on Form 10-Q/A for the quarter ended March 31, 2015 filed on January 13, 2016).</u> |
| 10.37* | <u>Form of Simon Property Group Series 2016 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s and Simon Property Group, L.P.'s Quarterly Report on Form 10 Q for the quarter ended March 31, 2016 filed on May 5, 2016).</u> |
| 10.38* | <u>Form of Certificate of Designation of Series 2016 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s and Simon Property Group, L.P.'s Quarterly Report on Form 10 Q for the quarter ended March 31, 2016 filed on May 5, 2016).</u> |
| 10.39 | <u>Amendment No. 1 to Amended and Restated Credit Agreement, dated as of April 6, 2016 (incorporated by reference to Exhibit 10.1 of Simon Property Group, L.P.'s Current Report on Form 8-K filed April 7, 2016).</u> |
| 10.40 | <u>Amended and Restated \$4,000,000,000 Credit Agreement, dated as of March 17, 2017 (incorporated by reference to Exhibit 99.2 of Simon Property Group, L.P.'s Current Report on Form 8-K filed March 20, 2017).</u> |
| 10.41 | <u>Amended and Restated \$3,500,000,000 Credit Agreement, dated as of February 15, 2018 (incorporated by reference to Exhibit 99.2 of Simon Property Group, L.P.'s Current Report on Form 8-K filed February 15, 2018).</u> |
| 10.42* | <u>Form of Simon Property Group Series 2018 LTIP Unit Award Agreement (incorporated by reference to Exhibit 10.1 of Simon Property Group, Inc.'s and Simon Property Group, L.P.'s Quarterly Report on Form 10 Q for the quarter ended March 31, 2018 filed on May 3, 2018).</u> |
| 10.43* | <u>Form of Certificate of Designation of Series 2018 LTIP Units of Simon Property Group, L.P. (incorporated by reference to Exhibit 10.2 of Simon Property Group, Inc.'s and Simon Property Group, L.P.'s Quarterly Report on Form 10 Q for the quarter ended March 31, 2018 filed on May 3, 2018).</u> |
| 21.1 | <u>List of Subsidiaries of Simon Property Group Inc. and Simon Property Group, L.P.</u> |
| 23.1 | <u>Simon Property Group, Inc. — Consent of Ernst & Young LLP.</u> |
| 23.2 | <u>Simon Property Group, L.P. — Consent of Ernst & Young LLP.</u> |
| 31.1 | <u>Simon Property Group, Inc. — Certification by the Chief Executive Officer pursuant to Rule 13a 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</u> |
| 31.2 | <u>Simon Property Group, Inc. — Certification by the Chief Financial Officer pursuant to Rule 13a 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002.</u> |

| | |
|---------|---|
| 31.3 | <u>Simon Property Group, L.P. — Certification by the Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 31.4 | <u>Simon Property Group, L.P. — Certification by the Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 32.1 | <u>Simon Property Group, Inc. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 32.2 | <u>Simon Property Group, L.P. — Certification by the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |

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Exhibits

XBRL Taxonomy Extension Label Linkbase Document

101.LAB

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

(a) Does not include supplemental indentures that authorize the issuance of debt securities series, none of which exceeds 10% of the total assets of Simon Property Group, L.P. on a consolidated basis. Simon Property Group, L.P. agrees to file copies of any such supplemental indentures upon the request of the Commission.

* Represents a management contract, or compensatory plan, contract or arrangement required to be filed pursuant to Regulation S K.

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SIGNATURES

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

SIMON PROPERTY GROUP, INC.

By /s/ DAVID SIMON

David Simon
Chairman of the Board of Directors, Chief
Executive Officer and President
Date: February 22, 2019

SIMON PROPERTY GROUP, L.P.

/s/ DAVID SIMON

David Simon
Chairman of the Board of Directors, Chief Executive Officer and President of Simon Property Group, Inc.,
General Partner
Date: February 22, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of Simon Property Group, Inc., for itself and in its capacity as General Partner of Simon Property Group, L.P., and in the capacities and on the dates indicated.

| Signature | Capacity | Date |
|--|---|-------------------|
| /s/ DAVID SIMON David Simon | Chairman of the Board of Directors, Chief Executive Officer (Principal Executive Officer) and President | February 22, 2019 |
| /s/ HERBERT SIMON Herbert Simon | Chairman Emeritus and Director | February 22, 2019 |
| /s/ RICHARD S. SOKOLOV Richard S. Sokolov | Vice Chairman and Director | February 22, 2019 |
| /s/ LARRY C. GLASSCOCK Larry C. Glasscock | Director | February 22, 2019 |
| /s/ REUBEN S. LEIBOWITZ Reuben S. Leibowitz | Director | February 22, 2019 |
| /s/ J. ALBERT SMITH, JR. J. Albert Smith, Jr. | Director | February 22, 2019 |

| | | |
|--|----------|----------------------|
| /s/ KAREN N. HORN Karen N. Horn | Director | February 22, 2019 |
| /s/ ALLAN HUBBARD Allan Hubbard | Director | February 22, 2019 |
| /s/ DANIEL C. SMITH Daniel C. Smith | Director | February 22, 2019 |

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| Signature | Capacity | Date |
|---|---|----------------------|
| /s/ GARY M. RODKIN Gary M. Rodkin | Director | February 22, 2019 |
| /s/ GLYN F. AEPPEL Glyn F. Aeppel | Director | February 22, 2019 |
| /s/ STEFAN M. SELIG Stefan M. Selig | Director | February 22, 2019 |
| /s/ MARTA R. STEWART Marta R. Stewart | Director | February 22, 2019 |
| /s/ BRIAN J. MCDADE Brian J. McDade | Executive Vice President, Chief Financial Officer (Principal Financial Officer) and Treasurer | February 22, 2019 |
| /s/ ADAM J. REUILLE Adam J. Reuille | Senior Vice President and Chief Accounting Officer (Principal Accounting Officer) | February 22, 2019 |

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SCHEDULE III

Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| Location | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | | Accumulated Depreciation | |
|-------------------------|------------------|----------|--|----------|---|-----------|--------------------------------------|--------------------------|-----------|
| | Encumbrances (4) | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements Total (1) | | |
| Atlanta, TX | \$ — | \$ 2,903 | \$ 20,929 | \$ 7,983 | \$ 74,248 | \$ 10,886 | \$ 95,177 | \$ 106,063 | \$ 60,183 |
| Chandler, AZ | 117,500 | 3,919 | 27,231 | 3,000 | 66,714 | 6,919 | 93,945 | 100,864 | 70,821 |
| Green Bay, WI | — | 6,358 | 25,623 | 4,106 | 26,528 | 10,464 | 52,151 | 62,615 | 32,956 |
| Los Angeles, CA | — | 39,500 | 209,202 | 2,993 | 71,244 | 42,493 | 280,446 | 322,939 | 141,980 |
| Phoenix, TX | — | 11,306 | 32,431 | — | 34,660 | 11,306 | 67,091 | 78,397 | 36,959 |
| Rockington, MA | — | 46,600 | 303,618 | 27,458 | 163,037 | 74,058 | 466,655 | 540,713 | 224,029 |
| St. Louis, MO | — | 26,250 | 98,287 | 7,434 | 79,746 | 33,684 | 178,033 | 211,717 | 110,241 |
| Waco, TX | — | 1,005 | 15,262 | 608 | 55,602 | 1,613 | 70,864 | 72,477 | 47,039 |
| Wilmington, NC | — | 1,003 | 16,245 | 720 | 71,898 | 1,723 | 88,143 | 89,866 | 43,238 |
| Worcester, MA | — | 17,441 | 66,580 | — | 33,367 | 17,441 | 99,947 | 117,388 | 58,618 |
| Worthington, MA | — | — | 378,045 | — | 193,429 | — | 571,474 | 571,474 | 222,354 |
| Worthington Springs, FL | — | 13,556 | 93,630 | — | 20,734 | 13,556 | 114,364 | 127,920 | 87,184 |
| Yonkers, FL | — | 18,626 | 73,091 | 7,321 | 68,923 | 25,947 | 142,014 | 167,961 | 71,696 |
| Atlanta, TX | 184,739 | 40,436 | 197,010 | — | 149,273 | 40,436 | 346,283 | 386,719 | 150,030 |
| | 190,000 | 35,998 | 192,186 | — | 27,742 | 35,998 | 219,928 | 255,926 | 53,845 |

k Falls,

napolis,

nd

as), TX

Vegas, NV

nwood

anapolis),

nville, SC

Antonio,

of Prussia

adelphia),

llen, TX

r Park

in), TX

ta, GA

gston

York),

rd

nta), GA

—

—

120,579

29,145

101,035

29,145

221,614

250,759

117,915

—

8,438

82,716

—

28,593

8,438

111,309

119,747

60,730

—

—

276,567

—

265,368

—

541,935

541,935

260,765

—

2,423

23,445

5,253

119,671

7,676

143,116

150,792

84,288

—

11,585

133,893

6

41,791

11,591

175,684

187,275

106,328

128,060

733

16,972

37

39,964

770

56,936

57,706

30,283

—

175,063

1,128,200

—

356,883

175,063

1,485,083

1,660,146

351,350

—

87,912

9,828

6,569

172,054

94,481

181,882

276,363

41,344

—

10,088

81,568

14

26,260

10,102

107,828

117,930

60,355

—

38,058

492,411

—

129,085

38,058

621,496

659,554

336,512

—

22,214

105,250

—

47,205

22,214

152,455

174,669

83,004

—

47,492

326,633

—

13,987

47,492

340,620

388,112

173,568

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Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | Total (1) |
|--------|------------------|-------------------------------|--|-------------------------------|--|-------------------------------|-----------|
| | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | |
| — | \$ — | \$ 9,515 | \$ 10,530 | \$ 28,402 | \$ 10,530 | \$ 37,917 | \$ 48,447 |
| — | 65,684 | 223,252 | — | 76,405 | 65,684 | 299,657 | 365,341 |
| 5,464 | 687 | 9,213 | 2,121 | 31,348 | 2,808 | 40,561 | 43,369 |
| — | 2,965 | 18,092 | 1,811 | 43,807 | 4,776 | 61,899 | 66,675 |
| 10,000 | 27,105 | 86,915 | — | 64,352 | 27,105 | 151,267 | 178,372 |
| — | 128 | 12,966 | 19,010 | 147,128 | 19,138 | 160,094 | 179,232 |
| — | 23,610 | 115,992 | — | 125,856 | 23,610 | 241,848 | 265,458 |
| — | 20,404 | 124,945 | 3,277 | 54,058 | 23,681 | 179,003 | 202,684 |
| — | 35,514 | 129,906 | — | 76,956 | 35,514 | 206,862 | 242,376 |
| 5,076 | 24,544 | 100,287 | — | 20,195 | 24,544 | 120,482 | 145,026 |
| 10,000 | 2,043 | 155,958 | — | 59,474 | 2,043 | 215,432 | 217,475 |
| — | 3,902 | 155,068 | 550 | 50,241 | 4,452 | 205,309 | 209,761 |
| — | 15,005 | 210,610 | — | 109,206 | 15,005 | 319,816 | 334,821 |
| 5,000 | 15,493 | 279,560 | — | 71,902 | 15,493 | 351,462 | 366,955 |
| — | 1,842 | 2,813 | 3,053 | 58,570 | 4,895 | 61,383 | 66,278 |
| — | 41,918 | 212,257 | — | 52,808 | 41,918 | 265,065 | 306,983 |

| | | | | | | | |
|-------|---------|---------|--------|---------|---------|-----------|-----------|
| - | 163,160 | 702,008 | 1,246 | 354,520 | 164,406 | 1,056,528 | 1,220,934 |
| - | 23,541 | 90,203 | 5,815 | 113,912 | 29,356 | 204,115 | 233,471 |
| - | 10,400 | 87,864 | — | 28,488 | 10,400 | 116,352 | 126,752 |
| 0,000 | 449 | 25,102 | 38,864 | 104,339 | 39,313 | 129,441 | 168,754 |
| - | 28,125 | 142,860 | — | 10,582 | 28,125 | 153,442 | 181,567 |
| 0,000 | 13,521 | 238,746 | — | 167,109 | 13,521 | 405,855 | 419,376 |
| - | 23,445 | 125,840 | 1,472 | 77,461 | 24,917 | 203,301 | 228,218 |
| - | 101,200 | 301,495 | — | 163,860 | 101,200 | 465,355 | 566,555 |
| 4,514 | 41,430 | 184,967 | — | 103,704 | 41,430 | 288,671 | 330,101 |
| - | 42,092 | 188,055 | 100 | 194,303 | 42,192 | 382,358 | 424,550 |
| 6,968 | 12,359 | 130,111 | 1,939 | 19,905 | 14,298 | 150,016 | 164,314 |
| - | 7,710 | 52,934 | 1,180 | 28,363 | 8,890 | 81,297 | 90,187 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | Total (1) | A D |
|--------|------------------|-------------------------------|--|-------------------------------|--|-------------------------------|------------|--------|
| | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | | |
| — | \$ — | \$ 339,537 | \$ — | \$ 156,919 | \$ — | \$ 496,456 | \$ 496,456 | \$ 1 |
| 5,000 | 15,374 | 51,137 | — | 56,286 | 15,374 | 107,423 | 122,797 | 6 |
| — | 37,113 | 125,826 | — | 130,010 | 37,113 | 255,836 | 292,949 | 1 |
| — | 2,897 | 8,439 | 5,517 | 48,513 | 8,414 | 56,952 | 65,366 | 4 |
| — | 64,200 | 307,317 | — | 227,545 | 64,200 | 534,862 | 599,062 | 2 |
| 85,305 | 32,355 | 158,225 | — | 23,534 | 32,355 | 181,759 | 214,114 | 1 |
| — | 8,525 | 18,479 | 4,108 | 48,773 | 12,633 | 67,252 | 79,885 | 4 |
| — | 11,124 | 72,990 | 3,067 | 40,629 | 14,191 | 113,619 | 127,810 | 7 |
| — | 15,638 | 120,962 | 1,459 | 51,700 | 17,097 | 172,662 | 189,759 | 1 |
| — | 10,762 | 118,164 | 7,000 | 59,439 | 17,762 | 177,603 | 195,365 | 1 |
| — | 51,700 | 111,258 | 3,789 | 126,664 | 55,489 | 237,922 | 293,411 | 1 |
| 9,500 | 3,024 | 35,692 | 2,102 | 63,451 | 5,126 | 99,143 | 104,269 | 5 |
| 59,157 | 16,407 | 128,276 | — | 18,036 | 16,407 | 146,312 | 162,719 | 9 |

| | | | | | | | | |
|--------|--------|---------|--------|---------|--------|---------|---------|---|
| — | 34,211 | 187,123 | — | 29,732 | 34,211 | 216,855 | 251,066 | 1 |
| — | 3,900 | 97,059 | — | 9,810 | 3,900 | 106,869 | 110,769 | 4 |
| — | 20,932 | 69,788 | — | 44,420 | 20,932 | 114,208 | 135,140 | 3 |
| — | 2,370 | 24,326 | — | 8,441 | 2,370 | 32,767 | 35,137 | 2 |
| 23,000 | 11,477 | 77,856 | — | 8,129 | 11,477 | 85,985 | 97,462 | 3 |
| — | 16,670 | 224,721 | 395 | 69,778 | 17,065 | 294,499 | 311,564 | 1 |
| — | 12,890 | 184,990 | 96 | 8,476 | 12,986 | 193,466 | 206,452 | 7 |
| 4,169 | 3,175 | 59,863 | 5,311 | 7,341 | 8,486 | 67,204 | 75,690 | 3 |
| — | 659 | 118,005 | 13,050 | 102,843 | 13,709 | 220,848 | 234,557 | 7 |
| — | 14,117 | 71,520 | — | 4,991 | 14,117 | 76,511 | 90,628 | 3 |
| — | 2,060 | 107,556 | 1,532 | 5,201 | 3,592 | 112,757 | 116,349 | 5 |
| — | 12,875 | 45,335 | 10 | 78,668 | 12,885 | 124,003 | 136,888 | 1 |
| — | 3,440 | 338,679 | — | 108,510 | 3,440 | 447,189 | 450,629 | 1 |
| — | 2,857 | 47,309 | — | 17,406 | 2,857 | 64,715 | 67,572 | 3 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| Encumbrances (6) | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | Total (1) |
|------------------|------------------|----------------------------|--|----------------------------|---|----------------------------|------------|
| | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | |
| \$ 178,000 | \$ 15,807 | \$ 182,412 | \$ — | \$ 7,174 | \$ 15,807 | \$ 189,586 | \$ 205,393 |
| — | 9,060 | 50,281 | — | 5,073 | 9,060 | 55,354 | 64,414 |
| — | 9,630 | 194,122 | — | 13,992 | 9,630 | 208,114 | 217,744 |
| 114,013 | 9,497 | 194,245 | — | 1,274 | 9,497 | 195,519 | 205,016 |
| 140,000 | 6,421 | 121,880 | — | 7,510 | 6,421 | 129,390 | 135,811 |
| 50,000 | — | 27,949 | — | 7,315 | — | 35,264 | 35,264 |
| 75,951 | 3,576 | 85,883 | — | 3,086 | 3,576 | 88,969 | 92,545 |
| — | 8,695 | 69,350 | — | 44,459 | 8,695 | 113,809 | 122,504 |
| — | 6,413 | 104,013 | 3 | 8,473 | 6,416 | 112,486 | 118,902 |
| — | 15,390 | 50,979 | — | 76,170 | 15,390 | 127,149 | 142,539 |
| — | 2,800 | 39,546 | — | 7,078 | 2,800 | 46,624 | 49,424 |

| | | | | | | | |
|---------|--------|---------|--------|---------|--------|---------|---------|
| — | 11,832 | 94,994 | — | 10,289 | 11,832 | 105,283 | 117,115 |
| — | 45,168 | 251,878 | — | 9,369 | 45,168 | 261,247 | 306,415 |
| — | 25,435 | 134,973 | 16,536 | 150,374 | 41,971 | 285,347 | 327,318 |
| — | 13,085 | 160,777 | — | 31,774 | 13,085 | 192,551 | 205,636 |
| 51,701 | 9,167 | 52,212 | — | 3,487 | 9,167 | 55,699 | 64,866 |
| — | 7,190 | 162,023 | — | 8,146 | 7,190 | 170,169 | 177,359 |
| — | 6,630 | 94,138 | — | 10,169 | 6,630 | 104,307 | 110,937 |
| 121,753 | 14,975 | 118,428 | — | 3,129 | 14,975 | 121,557 | 136,532 |
| — | 11,400 | 45,023 | — | 7,769 | 11,400 | 52,792 | 64,192 |
| — | 2,143 | 36,197 | — | 5,609 | 2,143 | 41,806 | 43,949 |
| — | 4,300 | 137,020 | — | 1,414 | 4,300 | 138,434 | 142,734 |
| — | 31,998 | 472,815 | — | 11,836 | 31,998 | 484,651 | 516,649 |
| — | 14,040 | 382,949 | 36,023 | 2,193 | 50,063 | 385,142 | 435,205 |
| — | 13,322 | 13,710 | — | 4,038 | 13,322 | 17,748 | 31,070 |

| | | | | | | | |
|--------|--------|---------|---|--------|--------|---------|---------|
| — | 16,676 | 105,249 | — | 21,889 | 16,676 | 127,138 | 143,814 |
| — | — | 63,082 | — | — | — | 63,082 | 63,082 |
| 35,360 | 4,317 | 19,044 | — | 2,967 | 4,317 | 22,011 | 26,328 |
| 139 | <hr/> | | | | | | |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| Leasehold Improvements (6) | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | Total (1) |
|-------------------------------|------------------|-------------------------------|--|-------------------------------|--|-------------------------------|------------|
| | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | |
| 45,000 | \$ 16,823 | \$ 126,686 | \$ — | \$ 6,685 | \$ 16,823 | \$ 133,371 | \$ 150,194 |
| 50,000 | 20,586 | 114,021 | — | 6,590 | 20,586 | 120,611 | 141,197 |
| 2,119 | 8,129 | 61,950 | — | 5,149 | 8,129 | 67,099 | 75,228 |
| — | 12,229 | 41,547 | — | 31,748 | 12,229 | 73,295 | 85,524 |
| — | 14,706 | 82,252 | — | 6,543 | 14,706 | 88,795 | 103,501 |
| — | 21,925 | 308,694 | 46,177 | 75,685 | 68,102 | 384,379 | 452,481 |
| — | 13,180 | 287,179 | — | 12,120 | 13,180 | 299,299 | 312,479 |
| — | — | 103,722 | — | 55,069 | — | 158,791 | 158,791 |
| — | 6,090 | 57,670 | 2 | 11,192 | 6,092 | 68,862 | 74,954 |
| — | 14,298 | 97,188 | 121 | 4,947 | 14,419 | 102,135 | 116,554 |

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| | | | | | | | |
|--------|---------|-----------|-------|---------|---------|-----------|-----------|
| 08,225 | 7,720 | 172,931 | — | 18,388 | 7,720 | 191,319 | 199,039 |
| — | 12,508 | 69,677 | — | 5,573 | 12,508 | 75,250 | 87,758 |
| — | 9,420 | 84,850 | — | 17,665 | 9,420 | 102,515 | 111,935 |
| — | 22,630 | 77,316 | — | 20,655 | 22,630 | 97,971 | 120,601 |
| — | 3,230 | 75,277 | — | 13,857 | 3,230 | 89,134 | 92,364 |
| 35,000 | 10,323 | 223,789 | — | 7,445 | 10,323 | 231,234 | 241,557 |
| — | 9,414 | 150,414 | — | 2,556 | 9,414 | 152,970 | 162,384 |
| — | 11,110 | 862,559 | 1,658 | 242,457 | 12,768 | 1,105,016 | 1,117,784 |
| — | 4,900 | 282,031 | — | 16,054 | 4,900 | 298,085 | 302,985 |
| 52,911 | 41,936 | 297,289 | — | 13,233 | 41,936 | 310,522 | 352,458 |
| — | 69,853 | 463,101 | — | 53,937 | 69,853 | 517,038 | 586,891 |
| 64,582 | 41,133 | 297,911 | — | 27,761 | 41,133 | 325,672 | 366,805 |
| 50,000 | 120,417 | 865,605 | — | 16,258 | 120,417 | 881,863 | 1,002,280 |
| 75,000 | 51,000 | 327,503 | — | 16,256 | 51,000 | 343,759 | 394,759 |
| 15,000 | 65,516 | 211,322 | — | 1,393 | 65,516 | 212,715 | 278,231 |
| 16,000 | 61,755 | 425,370 | — | 36,909 | 61,755 | 462,279 | 524,034 |
| — | 194,002 | 1,641,153 | 5,395 | 178,168 | 199,397 | 1,819,321 | 2,018,718 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Real Estate and Accumulated Depreciation

December 31, 2018

(Dollars in thousands)

| Encumbrances (6) | Initial Cost (3) | | Cost Capitalized Subsequent to Acquisition (3) | | Gross Amounts At Which Carried At Close of Period | | Total (1) |
|------------------|------------------|-------------------------------|--|----------------------------------|--|-------------------------------|------------|
| | Land | Buildings and Improvements | Land | Buildings and Improvements | Land | Buildings and Improvements | |
| \$ 148,133 | \$ 37,220 | \$ 233,179 | \$ — | \$ 5,742 | \$ 37,220 | \$ 238,921 | \$ 276,141 |
| 297,566 | 38,793 | 309,284 | — | 40,462 | 38,793 | 349,746 | 388,539 |
| 105,293 | 14,903 | 221,442 | — | 3,918 | 14,903 | 225,360 | 240,263 |
| 93,020 | 38,467 | 75,102 | — | — | 38,467 | 75,102 | 113,569 |
| 263,232 | 15,035 | 400,094 | — | 3,735 | 15,035 | 403,829 | 418,864 |
| 66,523 | 22,191 | 108,069 | — | 1,672 | 22,191 | 109,741 | 131,932 |
| — | 6,374 | 75,333 | 4,054 | 7,087 | 10,428 | 82,420 | 92,848 |
| 55,000 | 18,031 | 100,523 | — | 4,827 | 18,031 | 105,350 | 123,381 |
| 18,670 | 1,745 | 12,529 | — | 2,325 | 1,745 | 14,854 | 16,599 |
| 17,000 | 1,112 | 1,748 | — | 3,992 | 1,112 | 5,740 | 6,852 |
| 30,159 | 4,056 | 32,371 | — | 6,103 | 4,056 | 38,474 | 42,530 |

| | | | | | | | |
|--------------|--------------|---------------|------------|--------------|--------------|---------------|-------------|
| — | 1,758 | 10,189 | — | 271 | 1,758 | 10,460 | 12,218 |
| — | 5,670 | 28,904 | — | 2,345 | 5,670 | 31,249 | 36,919 |
| — | — | 21,299 | — | 10,999 | — | 32,298 | 32,298 |
| — | 3,367 | 1,557 | — | 2,990 | 3,367 | 4,547 | 7,914 |
| — | 9,460 | 85,804 | — | 8,595 | 9,460 | 94,399 | 103,859 |
| — | 80,718 | 80,172 | 959 | — | 81,677 | 80,172 | 161,849 |
| — | 2,615 | 7,103 | — | — | 2,615 | 7,103 | 9,718 |
| — | 7,794 | 24,126 | — | 29,580 | 7,794 | 53,706 | 61,500 |
| \$ 6,844,662 | \$ 3,321,044 | \$ 25,018,405 | \$ 351,979 | \$ 7,976,532 | \$ 3,673,023 | \$ 32,994,937 | \$ 36,667,9 |

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Simon Property Group, Inc.

Simon Property Group, L.P.

Notes to Schedule III as of December 31, 2018

(Dollars in thousands)

(1) Reconciliation of Real Estate Properties:

The changes in real estate assets for the years ended December 31, 2018, 2017, and 2016 are as follows:

| | 2018 | 2017 | 2016 |
|-------------------------------------|---------------|---------------|---------------|
| Balance, beginning of year | \$ 36,014,506 | \$ 34,897,942 | \$ 33,132,885 |
| Acquisitions and consolidations (7) | 328,265 | 328,621 | 1,331,511 |
| Improvements | 758,135 | 731,863 | 658,734 |
| Disposals and deconsolidations | (357,622) | (125,499) | (180,433) |
| Currency Translation Adjustment | (75,324) | 181,579 | (44,755) |
| Balance, close of year | \$ 36,667,960 | \$ 36,014,506 | \$ 34,897,942 |

The unaudited aggregate cost of domestic consolidated real estate assets for U.S. federal income tax purposes as of December 31, 2018 was \$20,963,919.

(2) Reconciliation of Accumulated Depreciation:

The changes in accumulated depreciation for the years ended December 31, 2018, 2017, and 2016 are as follows:

| | 2018 | 2017 | 2016 |
|---------------------------------|---------------|---------------|---------------|
| Balance, beginning of year | \$ 11,704,223 | \$ 10,664,738 | \$ 9,696,420 |
| Depreciation expense (7) | 1,106,053 | 1,121,863 | 1,089,347 |
| Disposals and deconsolidations | (190,241) | (81,187) | (117,568) |
| Currency Translation Adjustment | 12,655 | (1,191) | (3,461) |
| Balance, close of year | \$ 12,632,690 | \$ 11,704,223 | \$ 10,664,738 |

Depreciation of our investment in buildings and improvements reflected in the consolidated statements of operations and comprehensive income is calculated over the estimated original lives of the assets as noted below.

- Buildings and Improvements — typically 10–35 years for the structure, 15 years for landscaping and parking lot, and 10 years for HVAC equipment.
- Tenant Allowances and Improvements — shorter of lease term or useful life.

(3) Initial cost generally represents net book value at December 20, 1993, except for acquired properties and new developments after December 20, 1993. Initial cost also includes any new developments that are opened during the current year. Costs of disposals and impairments of property are first reflected as a reduction to cost capitalized subsequent to acquisition.

(4) Not developed/constructed by us or our predecessors. The date of construction represents the initial acquisition date for assets in which we have acquired multiple interests.

(5) Initial cost for these properties is the cost at the date of consolidation for properties previously accounted for under the equity method of accounting.

(6)

Encumbrances represent face amount of mortgage debt and exclude any premiums or discounts and deferred financing costs.

- (7) Represents the original cost and does not include subsequent currency translation adjustments.