



Simon® Reports Third Quarter 2023 Results and Increases Full Year 2023 Guidance

October 30, 2023

INDIANAPOLIS, Oct. 30, 2023 /PRNewswire/ -- Simon®, a real estate investment trust engaged in the ownership of premier shopping, dining, entertainment and mixed-use destinations, today reported results for the quarter ended September 30, 2023.



"We produced an excellent quarter highlighted by strong financial and operational performance," said David Simon, Chairman, Chief Executive Officer and President. "We continue to demonstrate our ability to grow our business."

Results for the Quarter

- Net income attributable to common stockholders was \$594.1 million, or \$1.82 per diluted share, as compared to \$539.0 million, or \$1.65 per diluted share in 2022.
 - Net income for the third quarter of 2023 includes non-cash after-tax gains of \$118.1 million, or \$0.32 per diluted share, primarily due to the partial sale of the Company's ownership interest in its SPARC Group joint venture ("SPARC"). The Company now owns 33% of SPARC (reduced from 50%).
- Funds From Operations ("FFO") was \$1.201 billion, or \$3.20 per diluted share, inclusive of the gains referenced above, as compared to \$1.099 billion, or \$2.93 per diluted share in the prior year.
- Domestic property Net Operating Income ("NOI") increased 4.2% and portfolio NOI increased 4.3%, in each case, compared to the prior year period.

Results for the Nine Months

- Net income attributable to common stockholders was \$1.532 billion, or \$4.68 per diluted share, as compared to \$1.462 billion, or \$4.46 per diluted share in 2022.
 - Net income for the nine months ended 2023 includes non-cash after-tax gains of \$145.5 million or \$0.39 per diluted share due to the gain in SPARC referenced above and a dilution of our ownership interest in Authentic Brands Group ("ABG").
- FFO was \$3.304 billion, or \$8.82 per diluted share as compared to \$3.207 billion, or \$8.54 per diluted share in the prior year.
- Domestic property NOI increased 3.8% and portfolio NOI increased 4.0%, in each case, compared to the prior year period.

U.S. Malls and Premium Outlets Operating Statistics

- Occupancy was 95.2% at September 30, 2023, compared to 94.5% at September 30, 2022, an increase of 70 basis points.
- Base minimum rent per square foot was \$56.41 at September 30, 2023, compared to \$54.80 at September 30, 2022, an increase of 2.9%.
- Reported retailer sales per square foot was \$744 for the trailing 12 months ended September 30, 2023, a decrease of 0.7% compared to the prior year period.

Development Activity

During the quarter, construction started on Jakarta Premium Outlets®, the first Premium Outlet® Center in Indonesia. The 300,000 square foot upscale outlet is projected to open in February 2025. Simon owns 50% of this project.

Construction continues on redevelopment and expansion projects at properties in North America and Asia.

Capital Markets and Balance Sheet Liquidity

The Company was active in the credit markets through the first nine months of the year.

During the first nine months, the Company completed eleven non-recourse mortgage loans totaling approximately \$962 million (U.S. dollar equivalent), of which Simon's share was \$540 million. The weighted average interest rate on these loans was 6.03%.

During the quarter ended September 30, 2023, the Company repurchased 1,267,995 shares of its common stock.

As of September 30, 2023, Simon had approximately \$8.8 billion of liquidity consisting of \$1.4 billion of cash on hand, including its share of joint venture cash, and \$7.4 billion of available capacity under its revolving credit facilities.

Dividends

Today, Simon's Board of Directors declared a quarterly common stock dividend of \$1.90 for the fourth quarter of 2023. This is an increase of \$0.10, or 5.6% year-over-year. The dividend will be payable on December 29, 2023 to shareholders of record on December 8, 2023.

Simon's Board of Directors declared the quarterly dividend on its 8 3/8% Series J Cumulative Redeemable Preferred Stock (NYSE: SPGPrJ) of \$1.046875 per share, payable on December 29, 2023 to shareholders of record on December 15, 2023.

2023 Guidance

The Company currently estimates net income to be within a range of \$6.67 to \$6.77 per diluted share and FFO to be within a range of \$12.15 to \$12.25 per diluted share for the year

ending December 31, 2023. The FFO per diluted share range is an increase from the \$11.85 to \$11.95 per diluted share range provided on August 2, 2023, or an increase of \$0.30 per diluted share at the mid-point.

The following table provides the GAAP to non-GAAP reconciliation for the expected range of estimated net income attributable to common stockholders per diluted share to FFO per diluted share:

For the year ending December 31, 2023

	Low End	High End
Estimated net income attributable to common stockholders per diluted share*	\$6.67	\$6.77
Depreciation and amortization including Simon's share of unconsolidated entities	5.45	5.45
Loss on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	<u>0.03</u>	<u>0.03</u>
Estimated FFO per diluted share*	<u>\$12.15</u>	<u>\$12.25</u>

* Includes year-to-date unrealized gains of \$0.05 from mark-to-market of publicly traded equity instruments

Conference Call

Simon will hold a conference call to discuss the quarterly financial results today from 5:00 p.m. to 6:00 p.m. Eastern Time, Monday, October 30, 2023. A live webcast of the conference call will be accessible in listen-only mode at investors.simon.com. An audio replay of the conference call will be available until November 6, 2023. To access the audio replay, dial 1-844-512-2921 (international +1-412-317-6671) passcode 13741427.

Supplemental Materials and Website

Supplemental information on our third quarter 2023 performance is available at investors.simon.com. This information has also been furnished to the SEC in a current report on Form 8-K.

We routinely post important information online on our investor relations website, investors.simon.com. We use this website, press releases, SEC filings, quarterly conference calls, presentations and webcasts to disclose material, non-public information in accordance with Regulation FD. We encourage members of the investment community to monitor these distribution channels for material disclosures. Any information accessed through our website is not incorporated by reference into, and is not a part of, this document.

Non-GAAP Financial Measures

This press release includes FFO, FFO per share and portfolio NOI growth which are financial performance measures not defined by generally accepted accounting principles in the United States ("GAAP"). Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP measures are included in this press release and in Simon's supplemental information for the quarter. FFO and NOI growth are financial performance measures widely used in the REIT industry. Our definitions of these non-GAAP measures may not be the same as similar measures reported by other REITs.

Forward-Looking Statements

Certain statements made in this press release may be deemed "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Although the Company believes the expectations reflected in any forward-looking statements are based on reasonable assumptions, the Company can give no assurance that its expectations will be attained, and it is possible that the Company's 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, including but not limited to those caused by inflation, recessionary pressures, wars, escalating geopolitical tensions as a result of the war in Ukraine and the conflicts in the Middle East, and supply chain disruptions; the inability to renew leases and relet vacant space at existing properties on favorable terms; the potential loss of anchor stores or major tenants; the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise; an increase in vacant space at our properties; the potential for violence, civil unrest, criminal activity or terrorist activities at our properties; natural disasters; the availability of comprehensive insurance coverage; the intensely competitive market environment in the retail industry, including e-commerce; security breaches that could compromise our information technology or infrastructure; the increased focus on ESG metrics and reporting; environmental liabilities; our international activities subjecting us to risks that are different from or greater than those associated with our domestic operations, including changes in foreign exchange rates; our continued ability to maintain our status as a REIT; changes in tax laws or regulations that result in adverse tax consequences; risks associated with the acquisition, development, redevelopment, expansion, leasing and management of properties; the inability to lease newly developed properties on favorable terms; the loss of key management personnel; uncertainties regarding the impact of pandemics, epidemics or public health crises, and the associated governmental restrictions on our business, financial condition, results of operations, cash flow and liquidity; changes in market rates of interest; the impact of our substantial indebtedness on our future operations, including covenants in the governing agreements that impose restrictions on us that may affect our ability to operate freely; 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; risks relating to our joint venture properties, including guarantees of certain joint venture indebtedness; and general risks related to real estate investments, including the illiquidity of real estate investments.

The Company discusses these and other risks and uncertainties under the heading "Risk Factors" in its annual and quarterly periodic reports filed with the SEC. The Company may update that discussion in subsequent other periodic reports, but except as required by law, the Company undertakes no duty or obligation to update or revise these forward-looking statements, whether as a result of new information, future developments, or otherwise.

About Simon

[Simon](https://www.simon.com)[®] is a real estate investment trust engaged in the ownership of premier shopping, dining, entertainment and mixed-use destinations and an S&P 100 company (Simon Property Group, NYSE: SPG). Our properties across North America, Europe and Asia provide community gathering places for millions of people every day and generate billions in annual sales.

Simon Property Group, Inc.

*Unaudited Consolidated Statements of Operations
(Dollars in thousands, except per share amounts)*

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 1,298,737	\$ 1,215,470	\$ 3,801,880	\$ 3,618,035
Management fees and other revenues	30,055	28,654	92,511	85,051
Other income	82,156	71,662	237,007	188,464
Total revenue	1,410,948	1,315,786	4,131,398	3,891,550

EXPENSES:

Property operating	136,541	120,858	366,553	336,929
Depreciation and amortization	315,259	301,754	941,851	910,190
Real estate taxes	115,456	109,932	338,452	333,611
Repairs and maintenance	22,660	21,639	67,837	63,993
Advertising and promotion	28,809	27,102	86,713	72,429
Home and regional office costs	47,679	43,711	154,505	143,424
General and administrative	9,070	7,784	28,235	24,977
Other	41,240	30,810	132,369	106,649
Total operating expenses	716,714	663,590	2,116,515	1,992,202

OPERATING INCOME BEFORE OTHER ITEMS

	694,234	652,196	2,014,883	1,899,348
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Interest expense	(212,210)	(187,878)	(629,725)	(560,353)
Gain on disposal, exchange, or revaluation of equity interests, net	158,192	-	194,629	-
Income and other tax expense	(43,218)	(8,256)	(40,252)	(31,168)
Income from unconsolidated entities	95,480	163,086	207,835	434,343
Unrealized (losses) gains in fair value of publicly traded equity instruments, net	(6,175)	(14,563)	20,049	(63,412)
(Loss) gain on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	(5,541)	17,262	(9,897)	879

CONSOLIDATED NET INCOME

	680,762	621,847	1,757,522	1,679,637
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Net income attributable to noncontrolling interests	85,789	81,975	222,710	214,722
Preferred dividends	834	834	2,503	2,503

NET INCOME ATTRIBUTABLE TO COMMON STOCKHOLDERS

	<u>\$ 594,139</u>	<u>\$ 539,038</u>	<u>\$ 1,532,309</u>	<u>\$ 1,462,412</u>
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BASIC AND DILUTED EARNINGS PER COMMON SHARE:

Net income attributable to common stockholders	<u>\$ 1.82</u>	<u>\$ 1.65</u>	<u>\$ 4.68</u>	<u>\$ 4.46</u>
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Simon Property Group, Inc.
Unaudited Consolidated Balance Sheets
(Dollars in thousands, except share amounts)

September 30, December 31,
2023 2022

ASSETS:

Investment properties, at cost	\$ 38,951,669	\$ 38,326,912
Less - accumulated depreciation	17,410,320	16,563,749
	<u>21,541,349</u>	<u>21,763,163</u>
Cash and cash equivalents	769,031	621,628
Tenant receivables and accrued revenue, net	757,612	823,540
Investment in TRG, at equity	3,106,062	3,074,345
Investment in Klépierre, at equity	1,456,649	1,561,112
Investment in other unconsolidated entities, at equity	3,617,515	3,511,263
Right-of-use assets, net	489,989	496,930
Deferred costs and other assets	1,226,395	1,159,293
Total assets	<u>\$ 32,964,602</u>	<u>\$ 33,011,274</u>

LIABILITIES:

Mortgages and unsecured indebtedness	\$ 24,916,760	\$ 24,960,286
Accounts payable, accrued expenses, intangibles, and deferred revenues	1,626,333	1,491,583
Cash distributions and losses in unconsolidated entities, at equity	1,758,175	1,699,828
Dividend payable	3,347	1,997
Lease liabilities	490,825	497,953
Other liabilities	556,289	535,736
Total liabilities	<u>29,351,729</u>	<u>29,187,383</u>

Commitments and contingencies

Limited partners' preferred interest in the Operating Partnership and noncontrolling redeemable interests	202,465	212,239
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EQUITY:

Stockholders' Equity

Capital stock (total shares authorized, \$0.0001 par value, 238,000,000 shares of excess common stock, 850,000,000 authorized shares of preferred stock):

Series J 8 3/8% cumulative redeemable preferred stock, 1,000,000 shares authorized, 796,948 issued and outstanding with a liquidation value of \$39,847	41,188	41,435
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Common stock, \$0.0001 par value, 511,990,000 shares authorized, 342,900,671 and

342,905,419 issued and outstanding, respectively 34 34

Class B common stock, \$0.0001 par value, 10,000 shares authorized, 8,000 issued and outstanding	-	-
Capital in excess of par value	11,392,636	11,232,881
Accumulated deficit	(6,218,936)	(5,926,974)
Accumulated other comprehensive loss	(140,987)	(164,873)
Common stock held in treasury, at cost, 16,661,258 and 15,959,628 shares, respectively	(2,121,201)	(2,043,979)
Total stockholders' equity	2,952,734	3,138,524
Noncontrolling interests	457,674	473,128
Total equity	3,410,408	3,611,652
Total liabilities and equity	\$ 32,964,602	\$ 33,011,274

Simon Property Group, Inc.

*Unaudited Joint Venture Combined Statements of Operations
(Dollars in thousands)*

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
REVENUE:				
Lease income	\$ 743,388	\$ 710,084	\$ 2,212,197	\$ 2,142,068
Other income	129,021	72,355	357,261	258,446
Total revenue	<u>872,409</u>	<u>782,439</u>	<u>2,569,458</u>	<u>2,400,514</u>
OPERATING EXPENSES:				
Property operating	165,406	153,002	475,364	445,214
Depreciation and amortization	159,560	169,453	483,361	504,926
Real estate taxes	63,607	59,008	192,550	187,697
Repairs and maintenance	19,034	17,632	55,452	58,322
Advertising and promotion	19,188	17,153	58,702	52,718
Other	63,696	48,866	180,213	146,595
Total operating expenses	<u>490,491</u>	<u>465,114</u>	<u>1,445,642</u>	<u>1,395,472</u>
OPERATING INCOME BEFORE OTHER ITEMS	381,918	317,325	1,123,816	1,005,042
Interest expense	(172,523)	(147,539)	(508,230)	(438,559)
Gain on sale or disposal of, or recovery on, assets and interests in unconsolidated entities, net	19,395	4,522	20,529	4,522
NET INCOME	\$ 228,790	\$ 174,308	\$ 636,115	\$ 571,005
Third-Party Investors' Share of Net Income	\$ 124,272	\$ 83,222	\$ 329,338	\$ 280,919
Our Share of Net Income	104,518	91,086	306,777	290,086
Amortization of Excess Investment (A)	(14,933)	(14,928)	(44,781)	(45,153)
Our Share of Gain on Sale or Disposal of, or Recovery on, Assets and Interests in Unconsolidated Entities, net	-	(2,532)	(454)	(2,532)
Income from Unconsolidated Entities (B)	\$ 89,585	\$ 73,626	\$ 261,542	\$ 242,401

Note: The above financial presentation does not include any information related to our investments in Klépierre S.A. ("Klépierre"), The Taubman Realty Group ("TRG") and other platform investments. For additional information, see footnote B.

Simon Property Group, Inc.

*Unaudited Joint Venture Combined Balance Sheets
(Dollars in thousands)*

	September 30,	December 31,
	2023	2022
Assets:		
Investment properties, at cost	\$ 19,085,972	\$ 19,256,108
Less - accumulated depreciation	8,673,301	8,490,990
	<u>10,412,671</u>	<u>10,765,118</u>
Cash and cash equivalents	1,413,812	1,445,353
Tenant receivables and accrued revenue, net	470,337	546,025
Right-of-use assets, net	123,149	143,526
Deferred costs and other assets	544,390	482,375
Total assets	<u>\$ 12,964,359</u>	<u>\$ 13,382,397</u>

Liabilities and Partners' Deficit:

Mortgages	\$ 14,324,171	\$ 14,569,921
Accounts payable, accrued expenses, intangibles, and deferred revenue	990,731	961,984
Lease liabilities	113,047	133,096
Other liabilities	380,490	446,064
Total liabilities	<u>15,808,439</u>	<u>16,111,065</u>
Preferred units	67,450	67,450
Partners' deficit	(2,911,530)	(2,796,118)
Total liabilities and partners' deficit	<u>\$ 12,964,359</u>	<u>\$ 13,382,397</u>

Our Share of:

Partners' deficit	\$ (1,277,109)	\$ (1,232,086)
Add: Excess Investment (A)	1,184,743	1,219,117
Our net Investment in unconsolidated entities, at equity	<u>\$ (92,366)</u>	<u>\$ (12,969)</u>

Note: The above financial presentation does not include any information related to our investments in Klépierre, TRG and other platform investments. For additional information, see footnote B.

Simon Property Group, Inc.
Unaudited Reconciliation of Non-GAAP Financial Measures (C)
(Amounts in thousands, except per share amounts)

Reconciliation of Consolidated Net Income to FFO

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2023	2022	2023	2022
Consolidated Net Income (D)	\$ 680,762	\$ 621,847	\$ 1,757,522	\$ 1,679,637
Adjustments to Arrive at FFO:				
Depreciation and amortization from consolidated properties	313,053	299,202	933,669	903,137
Our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments	207,607	204,428	622,258	645,130
Loss (gain) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	5,541	(17,262)	9,897	(879)
Net loss (income) attributable to noncontrolling interest holders in properties	1,149	(3,616)	751	(2,498)
Noncontrolling interests portion of depreciation and amortization, gain on consolidation of properties, and loss (gain) on disposal of properties	(6,045)	(4,396)	(16,255)	(13,640)
Preferred distributions and dividends	(1,313)	(1,313)	(3,939)	(3,939)
FFO of the Operating Partnership	<u>\$ 1,200,754</u>	<u>\$ 1,098,890</u>	<u>\$ 3,303,903</u>	<u>\$ 3,206,948</u>
Diluted net income per share to diluted FFO per share reconciliation:				
Diluted net income per share	\$ 1.82	\$ 1.65	\$ 4.68	\$ 4.46
Depreciation and amortization from consolidated properties and our share of depreciation and amortization from unconsolidated entities, including Klépierre, TRG and other corporate investments, net of noncontrolling interests portion of depreciation and amortization	1.37	1.33	4.11	4.08
Loss (gain) on acquisition of controlling interest, sale or disposal of, or recovery on, assets and interests in unconsolidated entities and impairment, net	0.01	(0.05)	0.03	-
Diluted FFO per share	<u>\$ 3.20</u>	<u>\$ 2.93</u>	<u>\$ 8.82</u>	<u>\$ 8.54</u>

Details for per share calculations:

FFO of the Operating Partnership	\$ 1,200,754	\$ 1,098,890	\$ 3,303,903	\$ 3,206,948
Diluted FFO allocable to unitholders	(152,599)	(138,760)	(418,135)	(404,008)
Diluted FFO allocable to common stockholders	<u>\$ 1,048,155</u>	<u>\$ 960,130</u>	<u>\$ 2,885,768</u>	<u>\$ 2,802,940</u>
Basic and Diluted weighted average shares outstanding	327,159	327,286	327,101	328,107
Weighted average limited partnership units outstanding	47,658	47,304	47,396	47,293
Basic and Diluted weighted average shares and units outstanding	<u>374,817</u>	<u>374,590</u>	<u>374,497</u>	<u>375,400</u>
Basic and Diluted FFO per Share	\$ 3.20	\$ 2.93	\$ 8.82	\$ 8.54
Percent Change	9.2 %		3.3 %	

Simon Property Group, Inc.
Footnotes to Unaudited Financial Information

Notes:

- (A) Excess investment represents the unamortized difference of our investment over equity in the underlying net assets of the related partnerships and joint ventures shown therein. The Company generally amortizes excess investment over the life of the related assets.
- (B) The Unaudited Joint Venture Combined Statements of Operations do not include any operations or our share of net income or excess investment amortization related to our investments in Klépierre, TRG and other platform investments. Amounts included in Footnote D below exclude our share of related activity for our investments in Klépierre, TRG and other platform investments. For further information on Klépierre, reference should be made to financial information in Klépierre's public filings and additional discussion and analysis in our Form 10-K.
- (C) This report contains measures of financial or operating performance that are not specifically defined by GAAP, including FFO and FFO per share. FFO is a performance measure that is standard in the REIT business. We believe FFO provides investors with additional information concerning our operating performance and a basis to compare our performance with those of other REITs. We also use these measures internally to monitor the operating performance of our portfolio. Our computation of these non-GAAP measures may not be the same as similar measures reported by other REITs.

We determine FFO based upon the definition set forth by the National Association of Real Estate Investment Trusts ("NAREIT") Funds From Operations White Paper - 2018 Restatement. Our main business includes acquiring, owning, operating, developing, and redeveloping real estate in conjunction with the rental of retail real estate. Gains and losses of assets incidental to our main business are included in FFO. We determine FFO to be our share of consolidated net income computed in accordance with GAAP, excluding real estate related depreciation and amortization, excluding gains and losses from extraordinary items, excluding gains and losses from the sale, disposal or property insurance recoveries of, or any impairment related to, depreciable retail operating properties, plus the allocable portion of FFO of unconsolidated joint ventures based upon economic ownership interest, and all determined on a consistent basis in accordance with GAAP. However, you should understand that FFO does not represent cash flow from operations as defined by GAAP, should not be considered as an alternative to net income determined in accordance with GAAP as a measure of operating performance, and is not an alternative to cash flows as a measure of liquidity.

- (D) Includes our share of:
- Gain on land sales of \$3.2 million and \$9.6 million for the three months ended September 30, 2023 and 2022, respectively, and \$7.8 million and \$15.6 million for the nine months ended September 30, 2023 and 2022, respectively.
 - Straight-line adjustments increased (decreased) income by \$1.4 million and (\$6.8) million for the three months ended September 30, 2023 and 2022, respectively, and (\$10.4) million and (\$22.9) million for the nine months ended September 30, 2023 and 2022, respectively.
 - Amortization of fair market value of leases increased (decreased) income by \$0.0 million and \$0.0 million for the three months ended September 30, 2023 and 2022, respectively, and \$0.2 million and (\$0.3) million for the nine months ended September 30, 2023 and 2022, respectively.

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SOURCE Simon

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