

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

FORM 10-Q

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

For the quarterly period ended June 30, 2002

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

Delaware
(State of incorporation or organization)

001-14469
(Commission File No.)

046268599
(I.R.S. Employer Identification No.)

National City Center
115 West Washington Street, Suite 15 East
Indianapolis, Indiana 46204
(Address of principal executive offices)

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

SPG REALTY CONSULTANTS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation or organization)

001-14469-01
(Commission File No.)

13-2838638
(I.R.S. Employer Identification No.)

National City Center
115 West Washington Street, Suite 15 East
Indianapolis, Indiana 46204
(Address of principal executive offices)

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

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

As of July 31, 2002, 182,323,218 shares of common stock, par value \$0.0001 per share, 3,200,000 shares of Class B common stock, par value \$0.0001 per share, and 4,000 shares of Class C common stock, par value \$0.0001 per share of Simon Property Group, Inc. were outstanding, and were paired with 1,855,272 shares of common stock, par value \$0.0001 per share, of SPG Realty Consultants, Inc.

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

FORM 10-Q

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Simon Property Group, Inc. and SPG Realty Consultants, Inc.
Combined Balance Sheets
(Dollars in thousands, except per share amounts)

	June 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS:		
Investment properties, at cost	\$ 13,742,228	\$ 13,194,396
Less – accumulated depreciation	2,011,324	1,877,175
	<u>11,730,904</u>	<u>11,317,221</u>
Cash and cash equivalents	223,253	259,760
Tenant receivables and accrued revenue, net	252,686	315,842
Notes and advances receivable from Management Company and affiliates	131,549	105,288
Investment in unconsolidated entities, at equity	1,799,793	1,451,137
Goodwill, net	37,212	37,212
Deferred costs and other assets, net	322,480	304,400
Minority interest, net	14,358	20,094
	<u>\$ 14,512,235</u>	<u>\$ 13,810,954</u>
Total assets		
LIABILITIES:		
Mortgages and other indebtedness	\$ 9,597,064	\$ 8,841,378
Accounts payable and accrued expenses	492,032	544,431
Cash distributions and losses in partnerships and joint ventures, at equity	25,883	26,084
Accrued dividends	17,641	816
Other liabilities	150,567	212,463
	<u>10,283,187</u>	<u>9,625,172</u>
Total liabilities		
COMMITMENTS AND CONTINGENCIES (Note 10)		
LIMITED PARTNERS' INTEREST IN THE OPERATING PARTNERSHIPS	837,074	820,239

SHAREHOLDERS' EQUITY:

CAPITAL STOCK OF SIMON PROPERTY GROUP, INC. (750,000,000 total shares authorized, \$.0001 par value, 237,996,000 shares of excess common stock):

All series of preferred stock, 100,000,000 shares authorized, 16,830,075 and 16,879,896 issued and outstanding, respectively. Liquidation values \$858,024 and \$907,845, respectively.

	814,041	877,468
Common stock, \$.0001 par value, 400,000,000 shares authorized, 175,358,873 and 172,700,861 issued, respectively	17	17
Class B common stock, \$.0001 par value, 12,000,000 shares authorized, 3,200,000 issued and outstanding	1	1
Class C common stock, \$.0001 par value, 4,000 shares authorized, issued and outstanding	—	—

CAPITAL STOCK OF SPG REALTY CONSULTANTS, INC.:

Common stock, \$.0001 par value, 7,500,000 shares authorized, 1,785,629 and 1,759,049 issued and outstanding, respectively

Capital in excess of par value	3,414,286	3,347,567
Accumulated deficit	(912,150)	(927,654)
Accumulated other comprehensive income	(7,286)	(9,893)
Unamortized restricted stock award	(15,269)	(20,297)
Common stock held in treasury at cost, 2,098,555 shares	(52,518)	(52,518)

Total shareholders' equity

3,241,122	3,214,691
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\$ 14,512,235	\$ 13,810,954
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The accompanying notes are an integral part of these statements.

Simon Property Group, Inc. and SPG Realty Consultants, Inc.
Unaudited Combined Statements of Operations and Comprehensive Income
(Dollars in thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUE:				
Minimum rent	\$ 320,732	\$ 307,386	\$ 629,877	\$ 614,517
Overage rent	6,946	7,130	15,222	17,013
Tenant reimbursements	157,725	146,449	307,754	294,963
Other income	32,077	27,305	59,574	52,453
Total revenue	517,480	488,270	1,012,427	978,946
EXPENSES:				
Property operating	90,634	82,666	175,414	161,440
Depreciation and amortization	116,472	106,748	227,187	213,263
Real estate taxes	53,012	48,721	105,225	101,513
Repairs and maintenance	17,703	19,333	35,526	39,060
Advertising and promotion	11,861	12,618	23,639	26,424
Provision for credit losses	1,510	2,243	4,712	5,147
Other (Notes 10 and 11)	4,843	6,761	17,838	13,546
Total operating expenses	296,035	279,090	589,541	560,393
OPERATING INCOME	221,445	209,180	422,886	418,553
Interest expense	150,635	149,970	298,497	307,894
Income before minority interest	70,810	59,210	124,389	110,659
Minority interest	(1,970)	(3,115)	(4,558)	(5,231)
Gain (Loss) on sales of assets and other, net (Note 11)	170,307	(28)	170,307	2,683
Income before unconsolidated entities	239,147	56,067	290,138	108,111
Loss from MerchantWired, LLC, net (Note 7)	(24,471)	(4,591)	(32,742)	(6,708)
Income from other unconsolidated entities	25,545	18,494	43,250	32,342
Income before extraordinary items and cumulative effect of accounting change	240,221	69,970	300,646	133,745

Extraordinary items – Debt related transactions (Note 11)	16,139	—	16,139	(25)
Cumulative effect of accounting change (Note 6)	—	—	—	(1,638)
Income before allocation to limited partners	256,360	69,970	316,785	132,082
LESS:				
Limited partners' interest in the Operating Partnerships	64,019	13,878	75,104	25,620
Preferred distributions of the SPG Operating Partnership	2,835	2,835	5,670	5,747
Preferred dividends of subsidiary	—	7,334	—	14,668
NET INCOME	189,506	45,923	236,011	86,047
Preferred dividends	(16,336)	(9,177)	(32,835)	(18,362)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 173,170	\$ 36,746	\$ 203,176	\$ 67,685
BASIC EARNINGS PER COMMON PAIRED SHARE:				
Income before extraordinary items and cumulative effect of accounting change	\$ 0.92	\$ 0.21	\$ 1.10	\$ 0.40
Net income	\$ 0.99	\$ 0.21	\$ 1.17	\$ 0.39
DILUTED EARNINGS PER COMMON PAIRED SHARE:				
Income before extraordinary items and cumulative effect of accounting change	\$ 0.91	\$ 0.21	\$ 1.09	\$ 0.40
Net income	\$ 0.97	\$ 0.21	\$ 1.16	\$ 0.39
Net Income	\$ 189,506	\$ 45,923	\$ 236,011	\$ 86,047
Cumulative effect of accounting change	—	—	—	(1,995)
Unrealized gain (loss) on interest rate hedge agreements	(26)	111	419	(6,093)
Net losses on derivative instruments reclassified from accumulated other comprehensive income into interest expense	1,288	905	2,154	1,663
Other	25	(1,980)	34	(1,980)
Comprehensive Income	\$ 190,793	\$ 44,959	\$ 238,618	\$ 77,642

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc. and SPG Realty Consultants, Inc.
Unaudited Combined Statements of Cash Flows
(Dollars in thousands)

	For the Six Months Ended June 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 236,011	\$ 86,047
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation and amortization	235,004	218,383
Extraordinary items	(16,139)	25
Cumulative effect of accounting change	—	1,638
Gain on sales of assets and other, net	(170,307)	(2,683)
Limited partners' interest in Operating Partnerships	75,104	25,620
Preferred dividends of Subsidiary	—	14,668
Preferred distributions of the SPG Operating Partnership	5,670	5,747
Straight-line rent	(3,347)	(4,652)
Minority interest	4,558	5,231
Minority interest distributions	(6,426)	(8,126)
Equity in income of unconsolidated entities	(10,508)	(25,634)
Distributions of income from unconsolidated entities	34,750	27,072
Changes in assets and liabilities –		
Tenant receivables and accrued revenue	70,169	31,094
Deferred costs and other assets	(21,296)	(18,141)
Accounts payable, accrued expenses and other liabilities	(169,553)	(55,473)

Net cash provided by operating activities	263,690	300,816
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(995,350)	—
Capital expenditures, net	(94,179)	(152,342)
Cash from acquisitions	1,746	8,156
Net proceeds from sale of assets and partnership interests	402,750	19,550
Investments in unconsolidated entities	(32,568)	(20,433)
Distributions of capital from unconsolidated entities	91,759	84,942
Investments in and advances to Management Company and affiliate	7,312	(2,230)
Net cash used in investing activities	(618,530)	(62,357)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common, net	14,284	4,163
Minority interest contributions	482	513
Preferred dividends of Subsidiary	—	(14,668)
Preferred distributions of the SPG Operating Partnership	(5,670)	(5,747)
Preferred dividends and distributions to shareholders	(203,681)	(196,059)
Distributions to limited partners	(68,669)	(66,859)
Mortgage and other note proceeds, net of transaction costs	1,396,575	665,134
Mortgage and other note principal payments	(814,988)	(667,688)
Net cash provided by (used in) financing activities	318,333	(281,211)
DECREASE IN CASH AND CASH EQUIVALENTS	(36,507)	(42,752)
CASH AND CASH EQUIVALENTS, beginning of period	259,760	223,111
CASH AND CASH EQUIVALENTS, end of period	\$ 223,253	\$ 180,359

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)

	June 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS:		
Investment properties, at cost	\$ 13,735,067	\$ 13,187,235
Less – accumulated depreciation	2,009,857	1,875,751
	11,725,210	11,311,484
Cash and cash equivalents	220,196	254,906
Tenant receivables and accrued revenue, net	248,654	314,830
Notes and advances receivable from Management Company and affiliates	132,002	108,162
Investment in unconsolidated entities, at equity	1,793,297	1,443,618
Goodwill, net	37,212	37,212
Deferred costs and other assets, net	315,074	303,219
Minority interest, net	14,358	20,094
Total assets	\$ 14,486,003	\$ 13,793,525
LIABILITIES:		
Mortgages and other indebtedness	\$ 9,597,064	\$ 8,841,378
Accounts payable and accrued expenses	484,529	540,466
Cash distributions and losses in partnerships and joint ventures, at equity	25,883	26,084
Accrued dividends	17,641	816
Other liabilities	146,934	212,823
Total liabilities	10,272,051	9,621,567

COMMITMENTS AND CONTINGENCIES (Note 10)

LIMITED PARTNERS' INTEREST IN THE SPG OPERATING PARTNERSHIP	833,040	816,496
LIMITED PARTNERS' PREFERRED INTEREST IN THE SPG OPERATING PARTNERSHIP	150,852	150,852
SHAREHOLDERS' EQUITY (750,000,000 total shares authorized, \$.0001 par value, 237,996,000 shares of excess common stock):		
All series of preferred stock, 100,000,000 shares authorized, 16,830,075 and 16,879,896 issued and outstanding, respectively. Liquidation values \$858,024 and \$907,845, respectively	814,041	877,468
Common stock, \$.0001 par value, 400,000,000 shares authorized, 175,358,873 and 172,700,861 issued, respectively	17	17
Class B common stock, \$.0001 par value, 12,000,000 shares authorized, 3,200,000 issued and outstanding	1	1
Class C common stock, \$.0001 par value, 4,000 shares authorized, issued and outstanding	—	—
Capital in excess of par value	3,400,115	3,333,485
Accumulated deficit	(909,230)	(923,842)
Accumulated other comprehensive income	(7,286)	(9,893)
Unamortized restricted stock award	(15,269)	(20,297)
Common stock held in treasury at cost, 2,098,555 shares	(52,329)	(52,329)
Total shareholders' equity	3,230,060	3,204,610
	\$ 14,486,003	\$ 13,793,525

The accompanying notes are an integral part of these statements.

Simon Property Group, Inc.
Unaudited Consolidated Statements of Operations and Comprehensive Income
(Dollars in thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUE:				
Minimum rent	\$ 320,747	\$ 307,406	\$ 629,871	\$ 614,557
Overage rent	6,946	7,130	15,222	17,013
Tenant reimbursements	157,725	146,450	307,754	294,964
Other income	31,116	26,654	58,019	50,921
Total revenue	516,534	487,640	1,010,866	977,455
EXPENSES:				
Property operating	90,072	82,224	174,378	160,850
Depreciation and amortization	116,449	106,726	227,142	213,218
Real estate taxes	53,012	48,714	105,212	101,501
Repairs and maintenance	17,700	19,332	35,523	39,059
Advertising and promotion	11,861	12,618	23,639	26,424
Provision for credit losses	1,510	2,248	4,712	5,152
Other (Notes 10 and 11)	4,502	6,608	17,197	13,504
Total operating expenses	295,106	278,470	587,803	559,708
OPERATING INCOME	221,428	209,170	423,063	417,747
Interest expense	150,593	149,969	298,398	307,894
Income before minority interest	70,835	59,201	124,665	109,853
Minority interest	(1,970)	(3,115)	(4,558)	(5,353)
Gain (Loss) on sales of assets and other, net (Note 11)	169,162	(28)	169,162	2,683
Income before unconsolidated entities	238,027	56,058	289,269	107,183
Loss from MerchantWired, LLC, net (Note 7)	(24,471)	(4,591)	(32,742)	(6,708)
Income from other unconsolidated entities	25,257	18,561	42,897	32,420
Income before extraordinary items and cumulative effect of accounting	238,813	70,028	299,424	132,895

change				
Extraordinary items – Debt related transactions (Note 11)	16,139	—	16,139	(25)
Cumulative effect of accounting change (Note 6)	—	—	—	(1,638)
Income before allocation to limited partners	254,952	70,028	315,563	131,232
LESS:				
Limited partners' interest in the Operating Partnerships	63,639	13,895	74,774	25,386
Preferred distributions of the SPG Operating Partnership	2,835	2,835	5,670	5,747
Preferred dividends of subsidiary	—	7,334	—	14,668
NET INCOME	188,478	45,964	235,119	85,431
Preferred dividends	(16,336)	(9,177)	(32,835)	(18,362)
NET INCOME AVAILABLE TO COMMON SHAREHOLDERS	\$ 172,142	\$ 36,787	\$ 202,284	\$ 67,069
BASIC EARNINGS PER COMMON SHARE:				
Income before extraordinary items and cumulative effect of accounting change	\$ 0.92	\$ 0.21	\$ 1.09	\$ 0.40
Net income	\$ 0.99	\$ 0.21	\$ 1.16	\$ 0.39
DILUTED EARNINGS PER COMMON SHARE:				
Income before extraordinary items and cumulative effect of accounting change	\$ 0.90	\$ 0.21	\$ 1.09	\$ 0.40
Net income	\$ 0.96	\$ 0.21	\$ 1.16	\$ 0.39
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	174,435	172,485	174,192	172,244
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	189,457	172,805	176,660	172,484
Net Income	\$ 188,478	\$ 45,964	\$ 235,119	\$ 85,431
Cumulative effect of accounting change	—	—	—	(1,995)
Unrealized gain (loss) on interest rate hedge agreements	(26)	111	419	(6,093)
Net losses on derivative instruments reclassified from accumulated other comprehensive income into interest expense	1,288	905	2,154	1,663
Other	25	(1,980)	34	(1,980)
Comprehensive Income	\$ 189,765	\$ 45,000	\$ 237,726	\$ 77,026

The accompanying notes are an integral part of these statements.

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

For the Six Months Ended
June 30,

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 235,119	\$ 85,431
Adjustments to reconcile net income to net cash provided by operating activities –		
Depreciation and amortization	234,958	218,337
Extraordinary items	(16,139)	25
Cumulative effect of accounting change	—	1,638
Gain on sales of assets and other, net	(169,162)	(2,683)
Limited partners' interest in Operating Partnership	74,774	25,386
Preferred dividends of Subsidiary	—	14,668
Preferred distributions of the SPG Operating Partnership	5,670	5,747
Straight-line rent	(3,347)	(4,652)
Minority interest	4,558	5,353
Minority interest distributions	(6,426)	(8,126)
Equity in income of unconsolidated entities	(10,155)	(25,712)
Distributions of income from unconsolidated entities	34,750	27,072
Changes in assets and liabilities –		
Tenant receivables and accrued revenue	73,189	32,584

Deferred costs and other assets	(15,071)	(19,999)
Accounts payable, accrued expenses and other liabilities	(177,081)	(58,168)
Net cash provided by operating activities	265,637	296,901
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisitions	(995,350)	—
Capital expenditures, net	(94,179)	(152,480)
Cash from acquisitions	1,746	8,156
Proceeds from sale of assets	400,230	19,550
Investments in unconsolidated entities	(32,568)	(20,433)
Distributions of capital from unconsolidated entities	91,759	84,942
Investments in and advances to Management Company and affiliate	9,734	(2,230)
Loan to the SRC Operating Partnership	—	4,136
Net cash used in investing activities	(618,628)	(58,359)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common, net	14,232	4,097
Minority interest contributions	482	513
Preferred dividends of Subsidiary	—	(14,668)
Preferred distributions of the SPG Operating Partnership	(5,670)	(5,747)
Preferred dividends and distributions to shareholders	(203,681)	(196,059)
Distributions to limited partners	(68,669)	(66,859)
Mortgage and other note proceeds, net of transaction costs	1,396,575	665,134
Mortgage and other note principal payments	(814,988)	(667,688)
Net cash provided by (used in) financing activities	318,281	(281,277)
DECREASE IN CASH AND CASH EQUIVALENTS	(34,710)	(42,735)
CASH AND CASH EQUIVALENTS, beginning of period	254,906	214,404
CASH AND CASH EQUIVALENTS, end of period	\$ 220,196	\$ 171,669

The accompanying notes are an integral part of these statements.

SPG Realty Consultants, Inc.
Consolidated Balance Sheets
(Dollars in thousands, except per share amounts)

	June 30, 2002	December 31, 2001
	(Unaudited)	
ASSETS:		
Cash and cash equivalents	\$ 3,057	\$ 4,854
Accounts receivable	4,032	1,011
Total current assets	7,089	5,865
Investment properties, at cost, less accumulated depreciation of \$1,467 and \$1,424, respectively	5,694	5,737
Investment in unconsolidated entities, at equity	6,496	7,519
Reinsurance deposits	7,162	1,000
Other noncurrent assets	244	440
Total assets	\$ 26,685	\$ 20,561
LIABILITIES:		
Accounts payable and accrued expenses (including \$136 and \$91 to related parties)	\$ 7,180	\$ 3,864
Total current liabilities	7,180	3,864
Note payable to the Management Company (Interest at 8%, due 2009)	453	2,874
Note payable to Affiliate (Interest at 3.5%, payable on demand)	3,956	—

Total liabilities	11,589	6,738
COMMITMENTS AND CONTINGENCIES (Note 10)		
LIMITED PARTNERS' INTEREST IN THE SRC OPERATING PARTNERSHIP	4,034	3,743
SHAREHOLDERS' EQUITY:		
Common stock, \$.0001 par value, 7,500,000 shares authorized, 1,785,629 and 1,759,049 issued and outstanding, respectively	—	—
Capital in excess of par value	29,277	29,187
Accumulated deficit	(18,026)	(18,918)
Common stock held in treasury at cost, 20,986 shares	(189)	(189)
Total shareholders' equity	11,062	10,080
	\$ 26,685	\$ 20,561

The accompanying notes are an integral part of these statements.

SPG Realty Consultants, Inc.
Unaudited Consolidated Statements of Operations
(In thousands, except per share amounts)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
REVENUE:				
Rental income	\$ 24	\$ 77	\$ 83	\$ 153
Insurance premiums (Note 1)	967	544	1,603	1,061
Other income	9	103	18	221
Total revenue	1,000	724	1,704	1,435
EXPENSES:				
Depreciation and amortization	23	23	46	46
Technology initiatives startup costs	—	—	—	90
Insurance losses (Note 1)	842	641	1,537	1,127
General and administrative expenses	118	23	298	36
Total operating expenses	983	687	1,881	1,299
OPERATING INCOME (LOSS)	17	37	(177)	136
Interest expense	42	28	99	581
PLUS:				
Minority interest	—	—	—	122
Gain on sale of assets, net	1,145	—	1,145	1,251
Income (loss) before unconsolidated entities	1,120	9	869	928
Income (loss) from unconsolidated entities	288	(67)	353	(78)
Income (loss) before allocation to limited partners	1,408	(58)	1,222	850
LESS – Limited partners' interest in the SRC Operating Partnership	380	(17)	330	234
NET INCOME (LOSS)	\$ 1,028	\$ (41)	\$ 892	\$ 616
BASIC EARNINGS PER COMMON SHARE:				
Net income (loss)	\$ 0.59	\$ (0.02)	\$ 0.51	\$ 0.36
DILUTED EARNINGS PER COMMON SHARE:				

Net income (loss)	\$ 0.54	\$ (0.02)	\$ 0.50	\$ 0.36
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	1,744	1,725	1,742	1,722
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	1,895	1,725	1,767	1,725

The accompanying notes are an integral part of these statements.

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SPG Realty Consultants, Inc.
AND CONSOLIDATED SUBSIDIARIES
Unaudited Consolidated Statements of Cash Flows
(Dollars in thousands)

	For the Six Months Ended June 30,	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ 892	\$ 616
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities –		
Depreciation and amortization	46	46
Gain on sales of assets, net	(1,145)	(1,251)
Limited partners' interest in SRC Operating Partnership	330	234
Minority interest	—	(122)
Equity in income of unconsolidated entities	(353)	78
Changes in assets and liabilities –		
Accounts receivable	(3,020)	(1,490)
Other non-current assets	(5,969)	1,859
Accounts payable and accrued expenses	3,316	2,692
Net cash (used in) provided by operating activities	(5,903)	2,662
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in technology initiatives and other capital expenditures	—	(115)
Cash included in transfer of assets to SPG Operating Partnership	—	(152)
Net proceeds from sales of assets	2,520	1,658
Net cash provided by investing activities	2,520	1,391
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from sales of common stock, net	52	66
Loan from the SPG Operating Partnership	—	(4,136)
Loan from the Management Company	(2,422)	—
Loan from affiliate	3,956	—
Net cash used in financing activities	(1,586)	(4,070)
DECREASE IN CASH AND CASH EQUIVALENTS	(1,797)	(17)
CASH AND CASH EQUIVALENTS, beginning of period	4,854	8,707
CASH AND CASH EQUIVALENTS, end of period	\$ 3,057	\$ 8,690

The accompanying notes are an integral part of these statements.

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Condensed Notes to Unaudited Financial Statements

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

1. Organization

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

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

SPG is engaged in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties primarily through the SPG Operating Partnership. Simon Group's real estate properties consist primarily of regional malls and community shopping centers. As of June 30, 2002, SPG and the SPG Operating Partnership owned or held an interest in 251 income-producing properties in the United States, which consisted of 173 regional malls, 70 community shopping centers, four specialty retail centers and four office and mixed-use properties in 36 states (the "Properties"). SPG and the SPG Operating Partnership also owned an interest in 5 parcels of land held for future development (together with the Properties, the "Portfolio" or "Portfolio Properties"). In addition, Simon Group has ownership interests in eight additional retail real estate properties operating in Europe and Canada. Simon Group's leases from retail tenants generate the majority of its revenues through:

- Base minimum rents and cart and kiosk rentals
- Overage and percentage rents based on tenants' sales volume
- Recoveries of common area maintenance, real estate tax, and advertising and promotion expenditures

Simon Group also generates revenues due to its size and tenant relationships from:

- Mall marketing initiatives
- Consumer focused strategic corporate alliances
- Delivering competitively priced property operating services to tenants

The Companies' direct and indirect ownership interests in the Operating Partnerships at June 30, 2002 was 73.3% and at December 31, 2001 was 72.9%. The SPG Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company").

SRC, primarily through the SRC Operating Partnership, engages primarily in activities that capitalize on the resources, customer base and operating activities of SPG, which could not be engaged in by SPG without potentially impacting its status as a REIT. SRC's wholly-owned insurance subsidiary Marigold Indemnity, Ltd ("Marigold") provides general liability insurance coverage to third parties that provide outsourcing services at certain Properties. Marigold reinsures the majority of the risk through a third party indemnity company.

2. Basis of Presentation

The accompanying financial statements are unaudited; however, they have been prepared in accordance with generally accepted accounting principles for interim financial information and in conjunction with the rules and regulations of the Securities and Exchange Commission. Accordingly, they do not include all of the disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments necessary for fair presentation, consisting of only normal recurring adjustments, have been included. The results for the interim period ended June 30, 2002 are not necessarily indicative of the results to be obtained for the full fiscal year. These unaudited financial statements have been prepared in accordance with the accounting

policies described in the Companies' combined annual report on Form 10-K for the year ended December 31, 2001, except for accounting for stock options (see Note 3).

The accompanying combined financial statements include SPG, SRC and their subsidiaries. The accompanying consolidated financial statements of SPG include SPG and its subsidiaries and the accompanying consolidated financial statements of SRC include SRC and its subsidiaries. All significant intercompany amounts have been eliminated.

Consolidated properties are wholly-owned or owned less than 100% but are controlled by Simon Group. Control is demonstrated by the ability of the general partner to manage day-to-day operations, refinance debt and sell the assets of the partnership without the consent of the limited partner and the inability of the limited partner to replace the general partner. The deficit minority interest balance in the accompanying balance sheets represents outside partners' interests in the net equity of certain Properties. Deficit minority interests are recorded when a partnership agreement provides for the settlement of deficit capital accounts before distributing the proceeds from the sale of partnership assets and/or from the intent (legal or otherwise) and ability of the outside partner to fund additional capital contributions.

Investments in partnerships and joint ventures represent noncontrolling ownership interests in properties ("Joint Venture Properties") and the investment in the Management Company (see Note 7). These investments are accounted for using the equity method of accounting. These investments are recorded initially at cost and subsequently adjusted for net equity in income or loss, which is allocated in accordance with the provisions of the applicable partnership or joint venture agreement, and cash contributions and distributions. The allocation provisions in the partnership or joint venture agreements are not always consistent with the legal ownership interests held by each general or limited partner or joint venturer primarily due to partner preferences.

Net operating results of the Operating Partnerships are allocated after preferred distributions based on their respective partners' ownership interests. The Companies' weighted average direct and indirect ownership interest in the Operating Partnerships during the six-month periods ended June 30, 2002 and June 30, 2001 was 73.0% and 72.4%, respectively.

Preferred distributions of the SPG Operating Partnership in the accompanying statements of operations and cash flows represent distributions on preferred Units issued in connection with the 1999 New England Development Acquisition (the "NED Acquisition"). See Note 3 of the Notes to Unaudited Financial Statements included in the Companies' 2001 Annual Report to Shareholders (filed as an exhibit to the Companies' Form 10-K for the year ended December 31, 2001) for a description of the NED Acquisition. Preferred dividends of subsidiary prior to July 1, 2001 represented distributions on preferred stock of SPG Properties, Inc. (see Note 12).

Certain reclassifications of prior period amounts have been made in the financial statements to conform to the 2002 presentation. Distributions from unconsolidated entities that represent return on investments have been reclassified in the statements of cash flows to "net cash provided by operating activities" from "net cash used in investing activities" for all periods presented. In addition, distributions to minority interest owners of consolidated properties have been reclassified in the statements of cash flows to "net cash provided by operating activities" from "net cash provided by (used in) financing activities" for all periods presented. These reclassifications have no impact on the net income previously reported.

3. Accounting for Stock Options

As permitted by SFAS No. 123 "Accounting for Stock Based Compensation", Simon Group has changed its accounting policy with respect to stock options. The fair value of stock options awarded will be expensed as compensation expense over the vesting period for options issued on a prospective basis only and is effective January 1, 2002, both in accordance with the adoption provisions of SFAS 123. The impact of this change through June 30, 2002 was not material.

4. Per Share Data

Basic earnings per share is based on the weighted average number of shares of common stock outstanding during the period and diluted earnings per share is based on the weighted average number of shares of common stock outstanding combined with the incremental weighted average shares that would have been outstanding if all dilutive potential common shares would have been converted into shares at the earliest date possible. The following table sets forth the computation for the Companies' basic and diluted earnings per share. The income before extraordinary items

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and cumulative effect of accounting change, extraordinary items, cumulative effect of accounting change, and income effect of dilutive securities amounts presented in the reconciliation below represent the common shareholders' pro rata share of the respective line items in the statements of operations.

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	2002	2001	2002	2001
Common Shareholders' share of:				
Income before extraordinary items and cumulative effect of accounting change	\$161,385	\$36,746	\$191,397	\$68,889
Extraordinary items	11,785	—	11,779	(18)
Cumulative effect of accounting change	—	—	—	(1,186)
Net Income available to Common Shareholders — Basic	\$173,170	\$36,746	\$203,176	\$67,685
Effect of dilutive securities:				
Dilutive convertible preferred stock dividends(1)	6,346	—	1,077	—
Impact to General Partner's interest in Operating Partnerships from all dilutive securities and options	3,892	—	776	—
Net Income available to Common Shareholders — Diluted	\$183,408	\$36,746	\$205,029	\$67,685
Weighted Average Shares Outstanding — Basic	174,434,562	172,485,020	174,191,672	172,244,332
Effect of stock options	721,307	319,616	616,054	239,714
Effect of convertible preferred stock(1)	14,301,217	—	1,851,817	—
Weighted Average Shares Outstanding — Diluted	189,457,086	172,804,636	176,659,543	172,484,046

(1) Both Series A convertible preferred stock and Series B convertible preferred stock were dilutive for the three-months ended June 30, 2002. Only Series A convertible preferred stock was dilutive for the six-months ended June 30, 2002.

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	2002	2001	2002	2001
Basic per share amounts:				
Income before extraordinary items and cumulative effect of accounting change	\$0.92	\$0.21	\$1.10	\$0.40
Extraordinary items	0.07	—	0.07	—
Cumulative effect of accounting change	—	—	—	(0.01)
Net Income available to Common Shareholders — Basic	\$0.99	\$0.21	\$1.17	\$0.39

Diluted per share amounts:				
Income before extraordinary items and cumulative effect of accounting change	\$0.91	\$0.21	\$1.09	\$0.40
Extraordinary items	0.06	—	0.07	—
Cumulative effect of accounting change	—	—	—	(0.01)
Net Income available to Common Shareholders				
— Diluted	\$0.97	\$0.21	\$1.16	\$0.39

Combined basic and diluted earnings per Paired Share is presented in the financial statements based upon the weighted average outstanding number of Paired Shares of the Companies. Management believes this presentation provides the shareholders with the most meaningful presentation of earnings for a single interest in the combined entities. None of the convertible preferred Units of the SPG Operating Partnership outstanding had a dilutive effect on earnings per share. The preferred Units are convertible into Paired Shares on or after August 27, 2004 if certain conditions are met. Paired Units held by limited partners in the Operating Partnerships may be exchanged for Paired Shares, on a one-for-one basis in certain circumstances. If exchanged, the Paired Units would not have a dilutive effect.

5. Cash Flow Information

Cash paid for interest, net of amounts capitalized, during the six months ended June 30, 2002 was \$300,146 as compared to \$297,342 for the same period in 2001. See Notes 7 and 11 for information about non-cash transactions during the six months ended June 30, 2002.

6. Cumulative Effect of Accounting Change

The cumulative effect of accounting change resulted from the adoption of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities," as amended in June of 2000 by SFAS 138, "Accounting for Derivative Instruments and Hedging Activities" on January 1, 2001 and includes Simon Group's share of unconsolidated entities cumulative effect of accounting change.

7. Investment in Unconsolidated Entities

Joint ventures are common in the real estate industry. Simon Group utilizes joint ventures to finance certain properties and to diversify its risk in a particular asset or trade area. As discussed in Note 2, since Simon Group does not fully control these properties, Simon Group's accounting policy and accounting principles generally accepted in the United States require that Simon Group account for these properties on the equity method of accounting. Summary financial information of the joint ventures and a summary of Simon Group's investment in and share of income from such joint ventures follow. Major captions of assets and liabilities as well as the statements of operations for partnerships interests sold or consolidated (when Simon Group has acquired an additional interest in a partnership and as a result has gained control of the partnership) "Discontinued Joint Venture Partnerships" have been condensed into separate line items to present the balance sheet and results of operations of those partnership interests held as of June 30, 2002.

BALANCE SHEETS	June 30, 2002	December 31, 2001
Assets:		
Investment properties, at cost	\$ 8,353,399	\$ 6,958,470
Less – accumulated depreciation	1,260,722	1,070,594
	7,092,677	5,887,876
Net investment properties, at cost of Discontinued Joint Venture Partnerships	—	1,002,274
Cash and cash equivalents	191,886	167,173
Tenant receivables	167,232	164,647
Investment in unconsolidated entities	1,507	—
Other assets of Discontinued Joint Venture Partnerships	—	101,868
Other assets	182,769	134,504
Total assets	\$ 7,636,071	\$ 7,458,342
Liabilities and Partners' Equity:		
Mortgages and other notes payable	\$ 5,419,838	\$ 4,721,711
Mortgages of Discontinued Joint Venture Partnerships	—	967,677
	5,419,838	5,689,388
Accounts payable and accrued expenses	228,528	191,440
Other liabilities	66,132	85,137
Other liabilities of Discontinued Joint Venture Partnerships	—	28,772
Total liabilities	5,714,498	5,994,737
Partners' equity	1,921,573	1,463,605
Total liabilities and partners' equity	\$ 7,636,071	\$ 7,458,342
Simon Group's Share of:		
Total assets	\$ 3,188,559	\$ 3,088,952
Partners' equity	\$ 968,532	\$ 754,056

Add: Excess Investment, net	716,933	563,278
Simon Group's net Investment in Joint Ventures	\$ 1,685,465	\$ 1,317,334
Mortgages and other notes payable	\$ 2,293,998	\$ 2,392,522

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"Excess Investment" represents the unamortized difference of Simon Group's investment over its share of the equity in the underlying net assets of the partnerships and joint ventures acquired. Excess investment is amortized over the life of the related Properties, typically 35 years, and the amortization is included in income from unconsolidated entities.

STATEMENTS OF OPERATIONS	For the Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Revenue:				
Minimum rent	\$ 204,102	\$ 166,488	\$ 381,776	\$ 329,024
Overage rent	2,938	2,308	7,552	7,623
Tenant reimbursements	104,455	86,198	190,144	169,464
Other income	8,801	13,007	19,019	20,373
Total revenue	320,296	268,001	598,491	526,484
Operating Expenses:				
Property operating	52,764	45,970	99,984	87,834
Depreciation and amortization	60,561	49,543	113,485	96,586
Real estate taxes	32,583	27,549	62,775	57,444
Repairs and maintenance	19,087	12,983	30,809	25,195
Advertising and promotion	7,585	7,049	14,598	14,047
Provision for credit losses	1,088	2,566	2,524	4,606
Other	6,287	4,825	11,925	8,116
Total operating expenses	179,955	150,485	336,100	293,828
Operating Income	140,341	117,516	262,391	232,656
Interest Expense	85,920	75,819	161,667	154,420
Income Before Unconsolidated Entities	54,421	41,697	100,724	78,236
Income from unconsolidated entities	1,507	—	1,507	—
Income From Continuing Operations	55,928	41,697	102,231	78,236
Income from Discontinued Joint Venture Partnerships	4,469	4,956	12,597	12,458
Income Before Extraordinary Items and Cumulative Effect of Accounting Change ("IBEC")	60,397	46,653	114,828	90,694
Extraordinary Items	—	(75)	—	(75)
Cumulative Effect of Accounting Change	—	—	—	(2,883)
Net Income	\$60,397	\$46,578	\$114,828	\$87,736
Third-Party Investors' Share of IBEC	35,789	27,787	68,015	55,701
Simon Group's Share of IBEC	\$24,608	\$18,865	\$46,813	\$34,993
Amortization of Excess Investment	5,719	6,002	11,492	10,948
Income from Unconsolidated Entities	\$18,889	\$12,863	\$35,321	\$24,045

The balance sheet and results of operations of the Management Company are excluded from the tables above. Simon Group's net investment in the Management Company, excluded from the tables above, was \$88,445 as of June 30, 2002 and \$107,719 as of December 31, 2001. Simon Group's share of the Management Company's

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consolidated and MerchantWired LLC's net income (loss) after intercompany profit eliminations is presented below for the periods indicated:

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2002	2001	2002	2001
Simon Group's share of:				
Management Company income excluding losses from MerchantWired LLC	\$ 6,656	\$ 5,631	\$ 7,929	\$ 8,297
Losses from MerchantWired LLC	(24,471)	(4,591)	(32,742)	(6,708)
Total net income (loss)	(\$ 17,815)	\$ 1,040	(\$ 24,813)	\$ 1,589

The losses from MerchantWired LLC presented above and in the accompanying combined statements of operations and comprehensive income represent Simon Group's indirect share of the operating losses of MerchantWired LLC and the write-off of its investment in MerchantWired LLC. All of these items are presented net of the income tax benefits received by the Management Company.

The members of MerchantWired LLC, including an affiliate of the SPG Operating Partnership, agreed to sell all their collective membership interests in MerchantWired LLC under the terms of a definitive agreement with Transaction Network Services, Inc ("TNSI"). The transaction was expected to close in the second quarter of 2002, but in June 2002, TNSI unexpectedly informed the members of MerchantWired LLC that it would not complete the transaction. As a result, MerchantWired LLC is shutting down its operations and transitioning its customers to alternate service providers which is expected to be completed by September 3, 2002. Accordingly, the Management Company wrote-off its investment in and advances to MerchantWired LLC that resulted in Simon Group's share of a \$22.5 million write-off, net of tax. Simon Group does not anticipate making further cash contributions to MerchantWired LLC.

The SPG Operating Partnership, along with the other members of MerchantWired LLC, paid \$49.5 million directly to a MerchantWired LLC vendor in order to satisfy a lease guarantee obligation, of which the SPG Operating Partnership's share was \$26.3 million. As a result of this transaction, the SPG Operating Partnership purchased the cable infrastructure ("Cable") and therefore owns and controls the Cable in its properties. The carrying amount of the Cable as of June 30, 2002 is \$19.3 million of which \$16.4 million is included in "Investment Properties, at cost" and \$2.9 million is included in "Investments in unconsolidated entities, at equity" and will be amortized over four years. The difference of \$7.0 million between the payment of the lease guarantee obligation and the carrying amount of the Cable is included in the \$22.5 million write-off, net of tax, discussed above. The SPG Operating Partnership intends to use the Cable, which will benefit its current and future operations, either directly or indirectly.

On March 1, 2001, Kimco Realty Corporation lead the formation of a limited liability company, Kimsward LLC ("Kimsward"). Kimsward acquired the right from the Bankruptcy Court to designate persons or entities to whom the Montgomery Ward LLC real estate assets were to be sold. For the six-months ended June 30, 2001 the Management Company recorded \$9.7 million of equity in income from Kimsward. In addition, the SPG Operating Partnership charged the Management Company a \$5.7 million fee for services rendered to the Management Company in connection with the Kimsward transactions.

8. Debt

Simon Group had combined consolidated debt of \$9.6 billion as of June 30, 2002, of which \$7.3 billion was fixed-rate debt, bearing interest at a weighted average rate of 7.1% and \$2.3 billion was variable-rate debt bearing interest at a weighted average rate of 3.0%.

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On February 28, 2002, Simon Group refinanced a \$150 million term loan, with essentially the same terms, extending its maturity date to February 28, 2003 with the option to exercise a one-year extension of the maturity date available at Simon Group's option.

On March 15, 2002, Simon Group retired \$250.0 million of 9% bonds with proceeds from its \$1.25 billion unsecured corporate credit facility.

On April 16, 2002, Simon Group refinanced its existing \$1.25 billion unsecured corporate credit facility (the "Credit Facility"). As a result, the Credit Facility's maturity date was extended to April 16, 2005 with a one-year extension of the maturity date available at Simon Group's option. The Credit Facility continues to bear an interest rate of LIBOR plus 65 basis points and provides for different pricing based upon Simon Group's corporate credit rating.

On May 1, 2002, in connection with the Rodamco acquisition described in Note 11, Simon Group secured a \$600 million 12-month acquisition credit facility which bears interest at LIBOR plus 65 basis points. The balance on the acquisition credit facility as of June 30, 2002 was \$425.0 million.

9. Shareholders' Equity

During the first six months of 2002, the Companies issued 173,442 Paired Shares to limited partners in exchange for their Units. During the first six months of 2002, the Companies issued 584,823 Paired Shares related to employee stock options exercised. The net proceeds of approximately \$13.7 million were used for general working capital purposes.

On June 27, 2002, 49,821 shares of SPG's Series A Convertible Preferred Stock were converted into 1,892,967 Paired Shares. In addition, another 19,368 Paired Shares were issued to the holders of the convertible shares in lieu of the cash dividends allocable to those preferred shares.

On July 1, 2002 the Companies issued 9,000,000 Paired Shares. The net proceeds of \$322.2 million were used to pay down the \$600.0 million acquisition credit facility.

10. Commitments and Contingencies

Litigation

Triple Five of Minnesota, Inc., a Minnesota corporation, v. Melvin Simon, et. al. On or about November 9, 1999, Triple Five of Minnesota, Inc. ("Triple Five") commenced an action in the District Court for the State of Minnesota, Fourth Judicial District, against, among others, Mall of America, certain members of the Simon family and entities allegedly controlled by such individuals, and Simon Group. The action was later removed to federal court. Two transactions form the basis of the complaint: (i) the sale by Teachers Insurance and Annuity Association of America of one-half of its partnership interest in Mall of America Company and Minntertainment Company to the SPG Operating Partnership and related entities (the "Teachers Sale"); and (ii) a financing transaction involving a loan in the amount of \$312.0 million obtained from The Chase Manhattan Bank ("Chase") that is secured by a mortgage placed on Mall of America's assets (the "Chase Mortgage"). The complaint, which contains twelve counts, seeks remedies of damages, rescission, constructive trust, accounting, and specific performance. Although the complaint names all defendants in several counts, Simon Group is specifically identified as a defendant in connection with the Teachers Sale. On July 25, 2002 the Court heard arguments on the defendants' motion for summary judgment. Simon Group believes that the Triple Five litigation is without merit and intends to defend the action vigorously. Simon Group believes that the Triple Five litigation will not have a material adverse effect on Simon Group. Given that the case is still in pre-trial stage, it is not possible to provide an assurance of the ultimate outcome of the litigation or an estimate of the amount or range of potential loss, if any.

Carlo Agostinelli et al. v. DeBartolo Realty Corp. et al. On October 16, 1996, a complaint was filed in the Court of Common Pleas of Mahoning County, Ohio, captioned *Carlo Agostinelli et al. v. DeBartolo Realty Corp. et al.*, Case No. 96CV02607. In *Agostinelli*, 27 former employees of DeBartolo Realty Corporation ("DRC") and DeBartolo Properties Management, Inc. ("DPMI") sued DRC, DPMI, and SPG for an alleged breach of contract related to DRC's Stock Incentive Plan. After the Court of Appeals reversed summary judgment for the defendants, the trial court rendered judgment for the plaintiffs in the combined total amount of approximately \$12 million, with interest to run on the judgment. Both sides appealed the judgment, and on December 19, 2001, the Court of Appeals reversed the trial court in part and remanded the case for a limited trial. Upon remand to the trial court, the parties reached an

agreement whereby all plaintiffs provided Defendants with written releases of their claims, filed a Satisfaction of Judgment, and Stipulation of Dismissal of the litigation in exchange for Defendant's settlement payment of \$14 million less applicable withholding for taxes. The final settlement resulted in an additional \$3.1 million of expense for the six-months ended June 30, 2002 and has been included in other expense in the accompanying combined statement of operations and comprehensive income. As a result of this settlement, Simon Group is relieved of any other obligations under this litigation.

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

Guarantee of Indebtedness

Simon Group has guaranteed, and therefore is contractually obligated to fund, \$67.5 million of its total \$2.3 billion share of joint venture debt. Included in these guarantees, Simon Property Group, L.P. has guaranteed 30% of a \$113.8 million construction loan at one of its joint venture properties that matured in June 2002. This loan was extended for 45 days and now matures on August 14, 2002. Simon Property Group, L.P. is involved in discussions with its equity partner, the construction loan lender and other potential lenders. Management expects the construction loan to be refinanced or the maturity date to be extended, however, obtaining the refinancing or extension will likely require additional equity funding. Management believes that any additional investment will be realizable.

Energy management services

On September 30, 1999, Simon Property Group, L.P. entered into a multi-year contract with Enron Energy Services for Enron to supply or manage all of the energy commodity requirements for the wholly-owned properties and many of Simon Group's joint venture properties. The contract includes electricity, natural gas and maintenance of energy conversion assets and electrical systems including lighting. As a result of the December 2001 bankruptcy filing by Enron and Enron's failure to perform under the terms of the contract, Simon Group assumed total control over the management of its energy assets throughout the Portfolio. This includes the purchase and payment of utilities and maintenance and repair of energy related equipment. There has been no service interruption to Simon Group's malls or tenants. Although Enron has not formally rejected the contract, Simon Group does not anticipate adverse financial consequences from the Enron bankruptcy.

Insurance

Simon Group's portfolio-wide general liability and property insurance policies expired on December 31, 2001. Simon Group renewed these policies, the cost of which is predominantly passed through to tenants, at similar coverage levels, but at price increases aggregating approximately 30% due to the impacts of September 11, 2001. All of the Portfolio Properties have insurance coverage for 2002. Terrorism insurance is excluded from Simon Group's new property coverage. During the first quarter of 2002, Simon Group purchased two stand-alone policies of terrorism insurance, each with \$100.0 million aggregate limits. One policy insures Mall of America and one is a blanket policy providing a \$100.0 million aggregate limit for the remainder of Simon Group's Portfolio Properties. These policies run through the remainder of 2002. As a result, all of the Properties within the Portfolio are covered by terrorism insurance.

11. Real Estate Disposals and Acquisitions

On April 1, 2002, Simon Group sold its ownership interest in Orlando Premium Outlets for a gross sales price of \$76.3 million, including cash of \$46.6 million and its 50% share of \$59.1 million of debt, resulting in a net gain of \$39.0 million. Also during the second quarter, Simon Group made the decision to no longer pursue certain development projects. As a result, Simon Group wrote-off the carrying amount of its predevelopment costs associated with these projects in the amount of \$17.1 million, which is included in "gains on sales of assets and other, net" in the accompanying unaudited statement of operations and comprehensive income.

Simon Group had nine assets held for sale as of December 31, 2001. During the first six months of 2002, Simon Group sold its ownership interest in two community centers and two regional malls. The two community centers were sold for a net sales price of \$3.8 million, resulting in no gain or loss. In addition, during the second quarter of 2002,

Simon Group negotiated, in cooperation with the lenders, the sale of its ownership interests in one mall and deeded one mall to the lender in full satisfaction of the outstanding indebtedness. The two malls were encumbered with \$52.2 million of indebtedness. The net impact of these two transactions resulted in a net gain on debt forgiveness of \$16.1 million which is reflected in extraordinary items on the combined statements of operations and comprehensive income.

During the first quarter of 2002, the SPG Operating Partnership signed a definitive agreement to purchase, jointly with Westfield America Trust ("Westfield") and The Rouse Company ("Rouse"), the partnership interests of Rodamco North America N.V. ("Rodamco") and its affiliates for \$5.4 billion. On May 3, 2002, the SPG Operating Partnership acquired certain partnership interests owned by Rodamco and its affiliates. The SPG Operating Partnership's portion of the acquisition includes the purchase of the remaining partnership interests in four of its existing joint venture assets and new partnership interests in nine additional properties. The SPG Operating Partnership acquired these partnership interests as part of Simon Group's acquisition strategy to acquire and own market dominant regional malls thereby increasing the quality of Simon Group's overall portfolio. The results of operations for the assets acquired have been included in Simon Group's results of operations from May 3, 2002 to June 30, 2002.

The offering price was EUR 2.5 billion for the 45.1 million outstanding shares of Rodamco stock, or EUR 55 per share, of which Simon Group's share was EUR 795.0 million or \$720.7 million. Simon Group's share of the total consideration was \$1.6 billion including the assumption of \$579 million of debt and perpetual preferred units. In addition, Simon Group funded \$268.8 million to pay off its share of corporate level debt and unwind interest rate swap agreements. The value of the assets or partnership interests acquired was determined using traditional real estate valuation methodologies. Simon Group's purchase allocation is preliminary and is expected to be completed by December 31, 2002.

Certain assets acquired are held jointly by Rouse, Westfield and the SPG Operating Partnership. Some of these assets are considered held for sale. The SPG Operating Partnership, along with Rouse and Westfield, are actively marketing these assets and management expects these assets to be sold within one year. The impact on results of operations from these assets was not material for the period from May 3, 2002 to June 30, 2002. The purchase price allocation to these assets was based on Simon Group's estimate of the fair market value of these assets.

Concurrently with the Rodamco acquisition, Simon Group sold two partnership interests acquired as part of the Rodamco acquisition and an existing partnership interest to Teacher's Insurance and Annuity Association ("TIAA"). TIAA acquired partnership interests in these three properties for approximately \$391.7 million, including approximately \$198.0 million of cash and approximately \$193.7 million of debt assumed. The sale of the existing partnership interest resulted in a net gain of \$25.1 million.

As a result of the Rodamco acquisition and TIAA transaction, Simon Group consolidated five new partnership interests and accounts for six new partnership interests as joint ventures. In addition, certain other assets held jointly by Simon Group, Rouse and Westfield are accounted for as joint ventures.

Pro Forma

The following unaudited pro forma summary financial information combines the consolidated results of SPG and SRC as if the Rodamco acquisition and the TIAA sale had occurred as of January 1, 2001, and were carried forward through June 30, 2002. Preparation of the pro forma summary information was based upon assumptions deemed appropriate by management. The pro forma summary information is not necessarily indicative of the results which actually would have occurred if the Rodamco acquisition had been consummated at January 1, 2001, nor does it purport to represent the results of operations for future periods.

	Three Months Ended June 30, 2002(1)	Three Months Ended June 30, 2001	Six Months Ended June 30, 2002(1)	Six Months Ended June 30, 2001
Total revenue	\$ 525,731	\$ 503,321	\$ 1,037,919	\$ 1,012,874
Income from unconsolidated entities	\$ 24,672	\$ 15,000	\$ 49,284	\$ 34,322
Income before extraordinary items and cumulative effect of accounting change	\$ 242,019	\$ 65,817	\$ 306,692	\$ 127,753
Income before allocation to limited partners	\$ 258,158	\$ 65,819	\$ 322,832	\$ 126,092
Net income available to common shareholders	\$ 174,483	\$ 33,739	\$ 207,589	\$ 63,346
Income before extraordinary items and cumulative effect of accounting change per share — basic	\$ 0.92	\$ 0.20	\$ 1.12	\$ 0.37
Income before extraordinary items and cumulative effect of accounting change per share — diluted	\$ 0.91	\$ 0.20	\$ 1.12	\$ 0.37
Net income available to common shareholders per share — basic	\$ 0.99	\$ 0.20	\$ 1.19	\$ 0.37
Net income available to common shareholders per share — diluted	\$ 0.98	\$ 0.20	\$ 1.19	\$ 0.37

(1) The pro forma results of operations for 2002 presented above include the impacts of the gains on asset sales, net, which are described elsewhere in this footnote.

In connection with the Rodamco acquisition Simon Group entered into a series of hedging transactions to manage its EUR 795 million exposure to fluctuations in the Euro currency. The total net gains were \$7.1 million on hedging activities for the six-months ended June 30, 2002. As of March 31, 2002, one of these transactions had a fair value loss and transaction costs of \$5.4 million and was included in other expenses. The first quarter fair value loss of \$4.7 million was reversed in other expense during the three months ended June 30, 2002.

On July 19, 2002, Simon Group purchased the remaining two-thirds interest in Copley Place in Boston, one of the Rodamco assets. The interest was purchased for \$241.4 million, including \$118.3 million in cash and the assumption of \$123.1 million of debt. The acquisition was funded with proceeds from the existing Credit Facility.

In addition, Simon Group decided to divest all of its interests in the five value-oriented super-regional malls, which were accounted for as joint ventures, with the Mills Corporation, who managed the properties. These assets are no longer part of Simon Group's on-going real estate ownership strategy. Simon Group sold these joint-venture interests to the Mills Corporation for approximately \$424.3 million including \$150.9 million of cash and the assumption of approximately \$273.4 million of joint-venture debt on May 31, 2002. The transaction resulted in a gain of \$123.3 million. Simon Group was also relieved of all guarantees of the

indebtedness related to these five properties. In connection with this transaction, the Management Company also sold its land partnership interests for \$24.1 million that resulted in Simon Group's \$8.4 million share of gains, net of tax, recorded in income from unconsolidated entities.

12. New Accounting Pronouncements

On July 20, 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets". SFAS No. 141 further clarifies the criteria to recognize intangible assets separately from goodwill. SFAS No. 141 is effective for Simon Group for any business combination completed after June 30, 2001. SFAS No. 142 requires that goodwill is no longer amortized but is reviewed annually, or more frequently if impairment indicators arise, for impairment. Separable intangible assets that are not deemed to have an indefinite life will continue to be amortized over their useful lives but with no maximum life. The amortization provisions of SFAS No. 142 apply to goodwill and intangible assets acquired by Simon Group after June 30, 2001. With respect to goodwill and intangible assets acquired prior to July 1, 2001, Simon Group adopted SFAS No. 142 on January 1, 2002 at which time amortization of the remaining book value of goodwill ceased and the new impairment-only approach applies. The impact of adopting SFAS No. 142 resulted in no impairment of Simon Group's goodwill and the impact also eliminates the amortization of goodwill thereby increasing Simon Group's income before allocation to limited partners by approximately \$1.2 million annually.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" that supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of." In addition, SFAS No. 144 supersedes the accounting and reporting provisions of APB Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" for the disposal of a segment of a business. SFAS No. 144 is a broad statement that provides a framework for the evaluation of impairment of long-lived assets, the treatment for assets held for sale or to be otherwise disposed of, and the reporting of discontinued operations. The effective date for adoption of SFAS No. 144 was January 1, 2002. SFAS No. 144 requires Simon Group to reclassify any operations related to assets not classified as held for sale as of December 31, 2001 to discontinued operations. As of June 30, 2002, there are no other impacts of the adoption of SFAS No. 144.

In April 2002, the FASB issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of SFAS No. 13, and Technical Corrections." Among other items, SFAS No. 145 rescinds SFAS No. 4, "Reporting of Gains and Losses from Extinguishment of Debt" and "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements." As a result, gains and losses from extinguishment of debt should be classified as extraordinary items only if they meet the criteria of APB Opinion No. 30. Debt extinguishments as part of a company's risk management strategy would not meet the criteria for classification as extraordinary items. Simon Group is currently evaluating the full impact of the adoption of SFAS No. 145, however, the effects of this pronouncement may result in future gains and losses related to debt transactions to be classified in income from continuing operations. In addition, some extraordinary items related to debt transactions recorded in prior periods, including those recorded in the current period, may need to be reclassified to income from continuing operations. SFAS No. 145 is effective for fiscal years beginning after May 15, 2002 and early application is encouraged.

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

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

You should read the following discussion in conjunction with the financial statements and notes thereto that are included in this Form 10-Q. Certain statements made in this section or elsewhere in this report 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 and uncertainties. Those risks and uncertainties include, but are not limited to: national, regional and local economic climates, competitive market forces, changes in market rental rates, trends in the retail industry, the inability to collect rent due to the bankruptcy or insolvency of tenants or otherwise, risks associated with acquisitions, the impact of terrorist activities, environmental liabilities, maintenance of REIT status, and changes in market rates of interest. 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.

Overview

We are Simon Property Group, Inc. ("SPG"), a Delaware corporation, a self-administered and self-managed real estate investment trust ("REIT"). Each share of common stock of SPG is paired ("Paired Shares") with 1/100th of a share of common stock of SPG Realty Consultants, Inc. ("SRC" and together with SPG, the "Companies"). Simon Property Group, L.P. (the "SPG Operating Partnership") is the primary subsidiary of SPG. Units of ownership interest ("Units") in the SPG Operating Partnership are paired ("Paired Units") with Units in SPG Realty Consultants, L.P. (the "SRC Operating Partnership" and together with the SPG Operating Partnership, the "Operating Partnerships"). The SRC Operating Partnership is the primary subsidiary of SRC. In this report, the terms "we", "us" and "our" refer to the Companies, the Operating Partnerships, and their subsidiaries.

We are engaged primarily in the ownership, operation, leasing, management, acquisition, expansion and development of real estate properties. Our real estate properties consist primarily of regional malls and community shopping centers. As of June 30, 2002, we owned or held an interest in 251 income-producing properties in the United States, which consisted of 173 regional malls, 70 community shopping centers, four specialty retail centers and four office and mixed-use properties in 36 states (the "Properties"). We also own 5 parcels of land held for future development (together with the Properties, the "Portfolio" or the "Portfolio Properties"). In addition, we have ownership interests in eight additional retail real estate properties operating in Europe and Canada. Our leases from retail tenants generate the majority of our revenues through:

- Base minimum rents and cart and kiosk rentals
- Overage and percentage rents based on tenants' sales volume
- Recoveries of common area maintenance, real estate tax, and advertising and promotion expenditures

We also generate revenues due to our size and tenant relationships from:

- Mall marketing initiatives
- Consumer focused strategic corporate alliances
- Delivering competitively priced property operating services to our tenants

The SPG Operating Partnership also holds substantially all of the economic interest in M.S. Management Associates, Inc. (the "Management Company").

A REIT is a company that owns and, in most cases, operates income-producing real estate such as regional malls, community shopping centers, offices, apartments, and hotels. To qualify as a REIT, a company must distribute at least 90 percent of its taxable income to its shareholders annually. Taxes are paid by shareholders on the dividends received and any capital gains. Most states also follow this federal treatment and do not require REITs to pay state income tax. See further discussions on distributions in the Liquidity and Capital Resources section.

Results of Operations

The following property acquisitions and openings impacted our consolidated combined results of operations in the comparative periods. We opened Bowie Towne Center in October 2001, completed the acquisition of certain

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partnership interests of Rodamco North America N.V. ("Rodamco") in May 2002, and sold interests in several Properties throughout the comparative periods (collectively the "Property Transactions"). In addition, we opened Montreal Forum in May 2001, and in October 2001 acquired a 50% ownership interest in Fashion Valley Mall. See "Liquidity and Capital Resources" and Note 11 of the accompanying Notes to Unaudited Financial Statements for additional information about acquisitions, openings and disposals during the comparative period. The following detailed discussion of the changes in operating income excludes the Property Transactions.

Three Months Ended June 30, 2002 vs. Three Months Ended June 30, 2001

Our change in operating income was impacted by the following positive items during 2002. Minimum rents, excluding our consolidated Simon Brand Venture ("SBV") and Simon Business Network ("SBN") initiatives, increased \$4.4 million during the period due to leasing of space at higher rents. In addition, temporary tenant income increased by \$2.1 million during the period due to our ability to rent unoccupied in-line space. Our operating income also includes a \$7.0 million increase in outlot land parcel sales, primarily at three Properties. In addition, our miscellaneous income increased by \$3.7 million. The increase includes the impact of our hedges of the Rodamco acquisition which positively impacted operating income by \$12.5 million during the period, of which \$7.8 million is included in other income and \$4.7 million is included as an offset in other expense. The acquisition and hedge transactions are described further in Note 11 of the accompanying Notes to Unaudited Financial Statements. This increase was offset by \$5.7 million in fee income recorded in 2001 associated with the Kimsward transaction charged to the Management Company as described in Note 7 of the accompanying Notes to Unaudited Financial Statements. Provision for credit losses decreased \$0.9 million primarily due to recoveries from bankrupt tenants. Net tenant reimbursements were essentially flat for the quarter, which includes the increase in insurance costs noted below. The change in operating income includes the net positive impact of the Property Transactions of \$4.9 million.

These positive items realized in operating income were offset by a \$7.8 million increase in depreciation and amortization, primarily due to increased tenant cost amortization and, to a lesser extent, an increase in depreciable real estate resulting from renovation and expansion activities. Our property operating expenses increased primarily due to increased insurance costs of \$3.5 million, which were anticipated and most of which is recoverable from tenants. In addition, we incurred \$2.1 million of expense related to a litigation settlement included in other expenses and as described in Note 10 of the accompanying Notes to Unaudited Financial Statements. Lease settlement income decreased \$4.0 million due to significant settlements received in 2001. Interest income decreased \$0.9 million during 2002 due to the lower interest rate environment.

Interest expense during 2002 increased \$0.7 million, or 0.4% compared to the same period in 2001. This increase includes \$5.9 million related to the borrowings used to fund the Rodamco acquisition and the assumption of consolidated property level debt resulting from the Rodamco acquisition during 2002 which was offset by lower interest rate levels.

Income from unconsolidated entities increased \$7.0 million in 2002, resulting from a \$6.0 million increase in income from unconsolidated partnerships and joint ventures, and a \$1.0 million increase in income from the Management Company before losses from MerchantWired LLC. The increase in joint venture income related to the Rodamco acquisition in May 2002, Fashion Valley Mall in October 2001, and lower interest rates.

Income from the Management Company before losses from MerchantWired LLC increased due to our \$8.4 million share of the gain, net of tax, associated with the sale of land partnership interests to the Mills Corporation. This was offset by \$4.0 million of income recorded in 2001 from the Kimsward transaction, net of fees charged by the SPG Operating Partnership. The loss from MerchantWired, LLC increased \$19.9 million, net. This includes our \$22.5 million share of the net write-off of our investment in MerchantWired LLC in 2002, offset by a \$2.6 million net decrease in operating losses.

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The following table summarizes our net gain on sales of assets and other for the second quarter of 2002 (in millions) which are also described in more detail Note 11 of the accompanying Notes to Unaudited Financial Statements:

<i>Asset</i>	<i>Type (number of properties)</i>	<i>Net Proceeds</i>	<i>Gain/(Loss)</i>
Orlando Premium Outlets	Specialty retail center (1)	\$ 46.7	\$ 39.0
Mills Properties (a)	Value-oriented super-regional mall (5)	150.7	123.3
Asset held for sale	Community center (1)	0.9	0.0
TIAA Transaction (Note 11)	Regional mall (3)	198.0	25.1
Other (b)	Pre-development costs	n/a	(17.1)

- (a) Amounts exclude certain Mills assets owned by the Management Company. These sales had net proceeds of \$24.1 million, resulting in our share of a gain of \$8.4 million, net of tax.
- (b) We made the decision to no longer pursue certain development projects, therefore, we wrote-off the carrying amount of our predevelopment costs associated with these projects.

During 2002 we recognized \$16.1 million in gains on the forgiveness of debt related to the disposition of two regional malls, see Note 11 of the accompanying Notes to Unaudited Financial Statements.

Income before allocation to limited partners was \$256.4 million in 2002, which reflects an increase of \$186.4 million, or 266.4% over 2001, primarily for the reasons discussed above. Income before allocation to limited partners was allocated to the Companies based on SPG's direct ownership of Ocean County Mall and certain net lease assets, and the Companies' preferred Unit preferences and weighted average ownership interests in the Operating Partnerships during the period. The Companies' weighted average direct and indirect ownership interest in the Operating Partnerships was 73.1% for the three-month period ended June 30, 2002 and 72.4% for the three-month period ended June 30, 2001.

Six Months Ended June 30, 2002 vs. Six Months Ended June 30, 2001

Our change in operating income was impacted by the following positive items during 2002. Minimum rents, excluding our consolidated SBV and SBN initiatives, increased \$4.5 million during the period due to increased regional mall average base rent per square foot ("psf") and leasing spreads of \$7.37 psf. The leasing spread includes new regional store leases signed at an average of \$39.55 psf initial base rents as compared to \$32.18 psf for regional mall store leases terminating or expiring in the same period. In addition, temporary tenant income increased by \$2.8 million during the period due to our ability to rent unoccupied in-line space. Our operating income also includes a \$13.7 million increase in outlot land parcel sales, primarily at five Properties. In addition, our miscellaneous income increased by \$3.7 million. The increase includes the impact of our hedges of the Rodamco acquisition, which positively impacted operating income by \$7.1 million during the period of which \$7.8 million is included in other income and \$0.7 million of expense is included in other expenses. The acquisition and hedge transactions are described further in Note 11 of the accompanying Notes to Unaudited Financial Statements. This increase was offset by \$5.7 million in fee income recorded in 2001 associated with the Kimsward transaction charged to the Management Company. Provision for credit losses decreased \$0.7 million due to recoveries from bankrupt tenants. Net tenant reimbursements were essentially flat for the period, which includes the increase in insurance costs noted below. The change in operating income includes the net positive impact of the Property Transactions of \$6.1 million.

These positive items realized in operating income were offset by an \$11.0 million increase in depreciation and amortization primarily due to increased tenant cost amortization and, to a lesser extent, an increase in depreciable real estate resulting from renovation and expansion activities. Our property operating expenses increased primarily due to increased insurance costs of \$6.5 million, which was anticipated and most of which is recoverable from tenants. Revenues from our consolidated SBV and SBN initiatives decreased \$6.7 million primarily due to a contract termination payment recognized in 2001. In addition, we incurred \$3.1 million of expense related to a litigation settlement included in other expenses as described in Note 10 of the accompanying Notes to Unaudited Financial Statements. Interest income decreased \$2.9 million during 2002 due to the lower interest rate environment. Overage rents decreased \$1.5 million resulting from lower sales levels.

Interest expense during 2002 decreased \$9.4 million, or 3.1% compared to the same period in 2001. This decrease resulted from lower variable interest rate levels which were offset by \$5.9 million related to the borrowings used to fund the Rodamco acquisition and the assumption of consolidated property level debt resulting from the Rodamco acquisition during 2002.

Income from unconsolidated entities increased \$10.9 million in 2002, resulting from an \$11.3 million increase in income from unconsolidated partnerships and joint ventures, and a \$0.4 million decrease in income from the Management Company before losses from MerchantWired LLC. The increase in joint venture income related to lower interest rates, the Rodamco acquisition in May 2002, and Fashion Valley Mall in October 2001.

Income from the Management Company before losses from MerchantWired LLC increased due to our \$8.4 million share of the gain, net of tax, associated with the sale of land partnership interests to the Mills Corporation. This was offset by \$4.0 million of income recorded in 2001 from the Kimsward transaction, net of fees charged by the SPG Operating Partnership. Losses from MerchantWired, LLC increased \$26.0 million, net. This includes our share of a \$4.2 million net impairment charge on certain technology assets and the \$22.5 million net write-off of our investment in MerchantWired, LLC.

Our gains on sales of assets and other, net, of \$170.3 million for the six months ended June 30, 2002 include the amounts previously discussed in the three months ended June 30, 2002. In addition to those transactions we sold one of our assets held for sale which resulted in \$2.9 million of net proceeds and resulted in no gain or loss. In 2001, we recognized a net gain of \$2.7 million on the sale of one regional mall, one community center, and one office building from net proceeds of approximately \$19.6 million.

During 2002 we recognized \$16.1 million in gains on the forgiveness of debt related to the disposition of two regional malls. Net proceeds from these disposals were \$3.6 million. In 2001 we recorded a \$1.6 million expense as a cumulative effect of an accounting change, which includes our \$1.4 million share from unconsolidated entities, due to the adoption of SFAS 133 "Accounting for Derivative Instruments and Hedging Activities," as amended. See Note 6 in the accompanying Notes to Unaudited Financial Statements for discussions of the cumulative effect of accounting changes.

Income before allocation to limited partners was \$316.8 million in 2002, which reflects an increase of \$184.7 million, or 139.8% over 2001, primarily for the reasons discussed above. Income before allocation to limited partners was allocated to the Companies based on SPG's direct ownership of Ocean County Mall and certain net lease assets, and the Companies' preferred Unit preferences and weighted average ownership interests in the Operating Partnerships during the period. The Companies' weighted average direct and indirect ownership interest in the Operating Partnerships was 73.0% for the six months ended June 30, 2002 and 72.4% for the six months ended June 30, 2001.

Liquidity and Capital Resources

Our balance of unrestricted cash and cash equivalents was \$223.3 million as of June 30, 2002, including \$64.4 million related to our gift certificate program, which we do not consider available for general working capital purposes. During the second quarter we refinanced our \$1.25 billion unsecured revolving credit facility (the "Credit Facility") which had available credit of \$620.4 million at June 30, 2002. The Credit Facility bears interest at LIBOR plus 65 basis points and provides for different pricing based upon our corporate credit rating. The Credit Facility has an initial maturity of April 2005, with an additional

one-year extension available at our option. SPG and the SPG Operating Partnership also have access to public equity and debt markets. Our current corporate ratings are Baa1 by Moody's Investors Service and Bbb+ by Standard & Poor's.

On July 1, 2002, we issued 9,000,000 Paired Shares partially to meet the needs of index funds to purchase the Paired Shares after our addition to the S&P 500 Index as well as to permanently finance the Rodamco acquisition. The net proceeds of \$322.2 million were used to reduce the outstanding balance of the \$600.0 million acquisition credit facility.

We anticipate that cash generated from operating performance will provide the funds we need on a short- and long-term basis for operating expenses, interest expense on outstanding indebtedness, recurring capital expenditures, and distributions to shareholders in accordance with REIT requirements. Through June 30, 2002, our cash flow from operations and distributions from joint ventures included in investing activities totaled \$355.4 million. Sources of capital for nonrecurring capital expenditures, such as major building renovations and expansions, as well as for

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scheduled principal payments, including balloon payments, on outstanding indebtedness are expected to be obtained from:

- excess cash generated from operating performance
- working capital reserves
- additional debt financing
- additional equity raised in the public markets

These sources may be negatively impacted by the bankruptcy of tenants, declines in occupancy at our malls, or the inability to refinance properties due to downturns in the interest rate environment. However, we expect to be able to replace any departing tenants and execute our planned refinancing activities.

Financing and Debt

The following table summarizes the material aspects of our future obligations:

<i>(thousands)</i>	<i>Through December 31, 2002</i>	<i>2003 – 2004</i>	<i>2005 – 2007</i>	<i>After 2007</i>	<i>Total</i>
Long Term Debt					
Consolidated (1)	\$ 85,977	\$ 3,225,467	\$ 3,615,213	\$ 2,522,528	\$ 9,449,185
Joint Ventures (1)	62,691	384,433	904,880	936,763	2,288,767
Total Long Term Debt	148,668	3,609,900	4,520,093	3,459,291	11,737,952
Ground Lease commitments	4,168	15,629	23,110	506,062	548,969
Total	\$ 152,836	\$ 3,625,529	\$ 4,543,203	\$ 3,965,353	\$ 12,286,921

(1) Represents our pro rata share of principal maturities and excludes net premiums and discounts.

The debt of our joint ventures is the liability of the joint venture partnerships and is typically secured by the joint venture Property. We have guaranteed and therefore are contractually obligated to fund \$67.5 million of our total \$2.3 billion share of joint venture debt stated above. Included in these guarantees, we have guaranteed 30% of a \$113.8 million construction loan at one of the joint venture Properties, which matures in August 2002. We are involved in discussions with our equity partner, the construction loan lender and other potential lenders. We expect the construction loan to be refinanced or the maturity date to be extended, however, obtaining the refinancing or extension will likely require additional equity funding. We believe that any additional investment will be realizable.

We had combined consolidated debt of \$9.6 billion as of June 30, 2002, of which \$7.3 billion was fixed-rate debt, bearing interest at a weighted average rate of 7.1% and \$2.3 billion was variable-rate debt bearing interest at a weighted average rate of 3.0%. As of June 30, 2002, we had interest rate protection agreements related to \$461.6 million of combined consolidated variable-rate debt. In addition, we had interest rate protection agreements effectively converting fixed rate debt to variable related to \$675.0 million of combined consolidated fixed rate debt. Our interest rate protection agreements did not materially impact our interest expense or weighted average borrowing rates in 2002.

On February 28, 2002, we refinanced our \$150.0 million term loan, with essentially the same terms, extended its maturity date to February 28, 2003 with an additional one-year extension of the maturity date available at our option. On March 15, 2002, we retired \$250.0 million of 9% bonds with proceeds from the Credit Facility.

On April 16, 2002, we refinanced our existing \$1.25 billion unsecured corporate Credit Facility. As a result, the Credit Facility's maturity date was extended to April 16, 2005 with a one-year extension of the maturity date available at our option. The Credit Facility continues to bear an interest rate of LIBOR plus 65 basis points and provides for different pricing based upon our corporate credit rating.

On May 1, 2002, in connection with the Rodamco acquisition described in Note 11, we secured a \$600 million 12-month acquisition credit facility which bears interest at LIBOR plus 65 basis points. The balance on this facility was \$425.0 million as of June 30, 2002, but was subsequently reduced to \$100.0 million in July 2002 primarily with the proceeds of the equity offering described above.

Distributions. On May 8, 2002, the Company approved an increase in the annual combined distribution rate to \$2.20 per Paired Share effective in the second quarter of 2002. The Companies declared a common stock dividend of

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\$0.55 per share in the second quarter of 2002, which represents a 4.8% increase over the previous quarter. Dividends during 2001 aggregated \$2.08 per Paired Share. Our required distributions typically exceed our net income generated in any given year primarily because of depreciation, which is a "non-cash" expense. Future distributions will be determined based on actual results of operations and cash available for distribution.

Acquisitions and Disposals

We continue to review and evaluate acquisition opportunities and will continue our focus on acquiring highly productive, market dominant regional malls. We believe that acquisition activity is a component of our growth strategy. Amounts available under the Credit Facility, together with the ability to issue shares of common stock, Units and debt securities, provide adequate means to finance certain acquisitions, if any. We cannot assure you that we will not be required to, or will not elect to, even if not required to, obtain funds from outside sources, including the sale of debt or equity securities, to finance significant acquisitions, if any.

During the first quarter 2002, the SPG Operating Partnership signed a definitive agreement to purchase, jointly with Westfield America Trust ("Westfield") and The Rouse Company ("Rouse"), the partnership interests of Rodamco and its affiliates for \$5.4 billion. On May 3, 2002 the SPG Operating Partnership acquired certain partnership interests owned by Rodamco and its affiliates. The offering price was EUR 2.5 billion for the 45.1 million outstanding shares of Rodamco stock, or EUR 55 per share, of which our share was EUR 795.0 million or \$720.7 million. Our share of the total consideration was \$1.6 billion including the assumption of \$579 million of debt and perpetual preferred units. In addition, after closing we funded \$268.8 million to pay off our share of corporate level debt and unwind interest rate swaps. Our portion of the acquisition includes the purchase of the remaining partnership interests in four of our existing joint venture assets and new partnership interests in nine additional properties. We acquired these partnership interests as part of our acquisition strategy to acquire and own market dominant regional malls thereby increasing the quality of our overall portfolio. Note 11 of the accompanying Notes to Unaudited financial statements provides additional details about this acquisition.

Concurrently with the Rodamco acquisition, we sold two partnership interests acquired as part of the Rodamco acquisition and an existing partnership interest to Teacher's Insurance and Annuity Association ("TIAA"). TIAA acquired partnership interests in these three properties for approximately \$391.7 million, including approximately \$198.0 million of cash and approximately \$193.7 million of debt assumed. The sale of the existing partnership interest resulted in a net gain of \$25.1 million.

Subsequent to June 30, 2002, we purchased the remaining two-thirds interest in Copley Place in Boston, one of the Rodamco assets. The interest was purchased for \$118.3 million and the assumption of \$123.1 million of debt. The acquisition was funded with proceeds from the existing Credit Facility.

In connection with the Rodamco acquisition we entered into a series of hedges to manage our exposure to fluctuations in the Euro currency due to our EUR 795 million exposure. The fluctuation in earnings from these hedging transactions was partially offset by changes in our final purchase price of the Rodamco acquisition. We believe that these derivative transactions were in the best interest of our shareholders due to the magnitude of our currency exposure. Our hedges positively impacted our earnings by \$7.1 million for the six months ended June 30, 2002 and \$12.5 million for the three months ended June 30, 2002. The impact of our hedging activities is described in detail in Note 11 of the accompanying Notes to Unaudited Financial Statements.

Disposals

Our disposal activity is summarized in our discussion of the results of operations for the six months ended June 30, 2002 and is also described in Note 11 of the accompanying Notes to Unaudited Financial Statements. The net proceeds of approximately \$399.2 million from these disposals were used to fund the Rodamco acquisition, to pay down indebtedness under our existing Credit Facility and \$600.0 million acquisition credit facility, and for general working capital purposes. In addition to the Property sales described above, as a continuing part of our long-term strategic plan, we continue to pursue the sale of our remaining non-retail holdings and a number of retail assets that are no longer aligned with our strategic criteria, including five Properties currently under contract for sale. We may decide to sell Properties that are held for use, in which case the sale prices of these assets may be less than the carrying value of the related assets.

Development Activity

We pursue new development as well as strategic expansion and renovation activity when we believe the investment of our capital meets our risk adjusted return criteria.

New Developments. Development activities are an ongoing part of our business. With no new developments currently under construction, we expect 2002 pre-development costs to be approximately \$48 million.

Strategic Expansions and Renovations. One of our key objectives is to increase the profitability and market share of the Properties through the completion of strategic renovations and expansions. We invested approximately \$118.2 million on redevelopment projects during 2001. We have some renovation and/or expansion projects currently under construction, or in preconstruction development and expect to invest approximately \$210 million on redevelopment in 2002.

International. The SPG Operating Partnership has a 32.3% ownership interest in European Retail Enterprises, B.V. ("ERE"), that is accounted for using the equity method of accounting. ERE also operates through a wholly-owned subsidiary Groupe BEG, S.A. ("BEG"). ERE and BEG are fully integrated European retail real estate developers, lessors and managers. Our current total investment in ERE and BEG, including subordinated debt, is approximately \$74.9 million. The current estimated additional commitment, including subordinated debt, is approximately \$31.9 million. However, since our future commitments are subject to certain performance and other criteria, including our approval of development projects, these additional commitments may vary. The agreements with BEG and ERE are structured to allow us to acquire an additional 28.6% ownership interest over time. As of June 30, 2002, BEG and ERE had five Properties open in Poland and two in France.

Technology Initiatives. The members of MerchantWired LLC, including an affiliate of the Operating Partnership, agreed to sell all their collective membership interests in MerchantWired LLC under the terms of a definitive agreement with Transaction Network Services, Inc ("TNSI"). The transaction was expected to close in the second quarter of 2002, but in June 2002, TNSI unexpectedly informed the members of MerchantWired LLC that it would not complete the transaction. As a result, MerchantWired LLC is shutting down its operations and transitioning its customers to alternate service providers. Accordingly, we

wrote-off our investment in and advances to MerchantWired which resulted in our share of a \$22.5 million write-off, net of tax. We do not anticipate making further cash contributions to MerchantWired LLC.

We, along with the other members of MerchantWired LLC, purchased the cable infrastructure ("Cable") for \$49.5 million in order to satisfy a lease guarantee obligation, of which our share was \$26.3 million. As a result of this transaction, we own and control the Cable in our properties. The carrying amount of the Cable as of June 30, 2002 is \$19.3 million of which \$16.4 million is included in "Investment Properties, at cost" and \$2.9 million is included in "Investments in unconsolidated entities, at equity" and will be amortized over four years. The difference of \$7.0 million between the payment of the lease guarantee obligation and the carrying amount of the Cable is included in the \$22.5 million write-off, net of tax, discussed above. We intend to use the Cable that will benefit our current and future operations either directly or indirectly.

Investing and Financing Activities

Cash used in investing activities of \$618.5 million for the six months ended June 30, 2002 includes acquisition and related costs of \$995.3 million, capital expenditures of \$94.2 million, and investments in unconsolidated joint ventures of \$32.6 million. Capital expenditures include development costs of \$11.8 million, renovation and expansion costs of \$32.0 million and tenant costs and other operational capital expenditures of \$50.4 million. These cash uses are partially offset by distributions from unconsolidated entities of \$91.8 million, net proceeds of \$402.8 million from the sale of assets previously mentioned, net investment of the Management Company of \$7.3 million, and cash from acquisitions of \$1.7 million.

Cash provided by financing activities for the six months ended June 30, 2002 was \$318.3 million and includes net loan proceeds of \$581.6 million and net distributions of \$263.3 million.

EBITDA – Earnings from Operating Results before Interest, Taxes, Depreciation and Amortization

We believe that there are several important factors that contribute to our ability to increase rent and improve profitability of our shopping centers, including aggregate tenant sales volume, comparable sales per square foot, occupancy levels and tenant occupancy costs. Each of these factors has a significant effect on EBITDA. We believe that EBITDA is an effective measure of shopping center operating performance because:

- it is industry practice to evaluate real estate properties based on operating income before interest, taxes, depreciation and amortization, which is generally equivalent to EBITDA
- EBITDA is unaffected by the debt and equity structure of the property owner.

However, you should understand that EBITDA:

- does not represent cash flow from operations as defined by accounting principles generally accepted in the United States
- should not be considered as an alternative to net income as a measure of operating performance
- is not indicative of cash flows from operating, investing and financing activities
- is not an alternative to cash flows as a measure of liquidity.

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

<i>(in millions)</i>	<i>For Six Months Ended June 30,</i>			
	<i>2002</i>	<i>% change</i>	<i>2001</i>	<i>% change</i>
Consolidated Properties	\$ 650.1		\$ 631.8	
Unconsolidated Properties	433.6		400.8	
Total Portfolio Properties (1)	\$ 1,083.7	4.9%	\$ 1,032.6	5.4%
After minority interest (2)	\$ 817.2	4.6%	\$ 781.6	3.2%
Operating profit margin of the Portfolio Properties	64.1%		64.6%	

(1) Represents total portfolio EBITDA including Properties acquired or disposed during the first six months of 2002 and 2001.

(2) EBITDA after minority interest represents our allocable portion of earnings before interest, taxes, depreciation and amortization for all Properties based on our economic ownership in each Property.

Portfolio EBITDA in the first six months of 2002 continued to grow despite the slowing economic environment. Offsetting the slowing economic trends was the \$9.4 million decrease in interest expense in 2002 from 2001 as a result of the lower interest rate environment. The interest leverage inherent in the mall business acts as a natural hedge in a weakening economy, in which it is more difficult to sustain operating profits. A lower interest rate environment generally cushions the impact of soft-core business fundamentals.

FFO - Funds from Operations

FFO is an important and widely used measure of the operating performance of REITs, which provides a relevant basis for comparison among REITs. FFO, as defined by NAREIT, means consolidated net income:

- without giving effect to real estate related depreciation and amortization,
- without giving effect to gains or losses from extraordinary items, and

- without giving effect to gains or losses on sales of real estate,
- plus the allocable portion of funds from operations of unconsolidated joint ventures based on economic ownership interest,
- all determined on a consistent basis in accordance with accounting principles generally accepted in the United States.

Effective January 1, 2000, we adopted NAREIT's clarification in the definition of FFO, which requires the inclusion of the effects of nonrecurring items not classified as extraordinary, cumulative effect of accounting change or resulting from the sales of depreciable real estate. However, we also exclude from FFO write-off of technology investments and impairment of investment properties. In addition, FFO:

- does not represent cash flow from operations as defined by accounting principles generally accepted in the United States
- should not be considered as an alternative to net income as a measure of operating performance
- is not an alternative to cash flows as a measure of liquidity.

The following summarizes our FFO and that of the Companies and reconciles our combined income before extraordinary items and cumulative effect of accounting change to our FFO for the periods presented:

	<i>For the Three Months Ended June 30,</i>		<i>For the Six Months Ended June 30,</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>(in thousands)</i>		<i>(in thousands)</i>	
Our FFO	\$216,059	\$189,195	\$406,034	\$366,764
Reconciliation:				
Income before extraordinary items and cumulative effect of accounting change	\$240,221	\$69,970	\$300,646	\$133,745
Plus:				
Depreciation and amortization from combined consolidated properties	116,087	106,580	226,445	212,746
Our share of depreciation and amortization from unconsolidated affiliates	36,946	33,463	73,289	64,720
(Gain) loss on sales of real estate and other, net	(170,307)	28	(170,307)	(2,683)
Our share of impairment charge and write-off from MerchantWired, LLC, net of tax	22,517	—	26,695	—
Less:				
Management Company gain on sale of real estate, net	(8,400)	—	(8,400)	—
Minority interest portion of depreciation and amortization and extraordinary items	(1,834)	(1,500)	(3,829)	(2,987)
Preferred distributions (Including those of subsidiaries)	(19,171)	(19,436)	(38,505)	(38,777)
Our FFO	\$216,059	\$189,195	\$406,034	\$366,764
FFO allocable to the Companies	\$158,074	\$137,530	\$296,955	\$266,293

Portfolio Data

Operating statistics give effect to newly acquired properties beginning in the year of acquisition. Operating statistics do not include those properties located outside of the United States. The following table summarizes some of the key operating statistics for our regional malls we feel are necessary to understand our business and include the impact of the Rodamco acquisition:

	<i>For the Six Months Ended June 30,</i>			
	<i>2002</i>	<i>% Change</i>	<i>2001</i>	<i>% Change</i>
Occupancy	91.5%		90.3%	
Average Base Rent per Square Foot	\$ 30.03	4.1%	\$ 28.84	4.4%
Comparable Sales Per Square Foot	\$ 390.2	0.7%	\$ 387.6	0.1%

Occupancy Levels and Average Base Rents. Occupancy and average base rent is based on mall and freestanding gross leasable area ("GLA") owned by the Operating Partnerships ("Owned GLA") at mall and freestanding stores in the regional malls and all tenants at community shopping centers. We believe the consistent level in regional mall occupancy is a result of the overall quality of our Portfolio. The result of changes in occupancy has a direct or indirect impact in nearly every category of revenue. Our Portfolio has maintained consistent occupancy and increased average base rents even in the difficult economy in 2002.

Comparable Sales per Square Foot. Sales Volume includes total reported retail sales at Owned GLA in the regional malls and all reporting tenants at community shopping centers. Retail sales at Owned GLA affect revenue and profitability levels because they are a component in determining the amount of minimum rent that can be charged, the percentage rent realized, and the recoverable expenses (common area maintenance, real estate taxes, etc.) the tenants can afford to pay.

Seasonality

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

generally highest in the fourth quarter of each year.

Energy Management Services

On September 30, 1999, Simon Property Group, L.P. entered into a multi-year contract with Enron Energy Services for Enron to supply or manage all of the energy commodity requirements for our wholly-owned properties and many of the joint venture properties. As a result of the December 2001 bankruptcy filing by Enron and Enron's failure to perform under the terms of the contract, we assumed total control over the management of its energy assets throughout the Portfolio, including the purchase and payment of utilities and maintenance and repair of energy related equipment. The majority of these costs and expenses are recoverable from our tenants.

In addition, as part of our original agreement with Enron we required that it contract with our existing service providers for the maintenance and repair work on our energy assets. This allowed us to convert back to our prior contractual agreements while keeping the same work force and scope of work. There was no service interruption to any of our malls or tenants, and we are once again actively self-managing our energy business, just as we had done prior to the Enron contract. Enron has not formally rejected our contract yet, although we expect that to occur. We do not anticipate adverse financial consequences from the Enron bankruptcy and ultimate rejection of our contract.

Insurance

Our portfolio-wide general liability and property insurance policies expired on December 31, 2001. We renewed these policies, the cost of which is predominantly passed through to tenants, at similar coverage levels, but at price increases aggregating approximately 30% due to the impacts of September 11, 2001. All of the Portfolio Properties have insurance coverage for 2002. The exception to coverage levels is in the area of terrorism, which is now excluded from our new property coverage. To offset the drastic increases in insurance costs, we have taken measures in an attempt to keep overall recoverable costs down to ensure that tenant costs per square foot do not increase significantly,

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though we cannot assure you that these efforts will succeed. During the first quarter of 2002, we purchased two stand-alone policies of terrorism insurance, each with \$100.0 million aggregate limits. One policy insures Mall of America and one is a blanket policy providing a \$100.0 million aggregate limit for the remainder of our Portfolio Properties. These policies run through the end of 2002. As a result, all of our Properties are covered by terrorism insurance.

Retail Climate and Tenant Bankruptcies

Retailer bankruptcy filings are normal in the course of our operations. Although the overall retail environment is improving, it is still softer than normal. We are currently releasing the vacant spaces lost due to tenant terminations. Pressures which affect consumer confidence, job growth, energy costs and income gains can affect retail sales growth and a continuing soft economic cycle may impact our ability to retenant property vacancies resulting from store closings or bankruptcies.

The geographical diversity of our Portfolio mitigates some of our risk in the event of an economic downturn. In addition, the diversity of our tenant mix also is a factor because no single retailer represents either more than 2.2% of total GLA or more than 5.3% of our annualized base minimum rent. Bankruptcies and store closings may, in some circumstances, create opportunities for us to release spaces at higher rents to tenants with enhanced sales performance. Our previously demonstrated ability to successfully retenant anchor and in line store locations reflects our resilience to fluctuations in economic cycles. While these factors reflect some of the inherent strengths of our portfolio in a difficult retail environment, successful execution of a releasing strategy is not assured.

Item 3. Qualitative and Quantitative Disclosure About Market Risk

Sensitivity Analysis. We manage our exposure to interest rate risk by a combination of interest rate protection agreements to effectively fix or cap a portion of our variable rate debt or, in the case of a fair value hedge, to effectively convert fixed rate debt to variable rate debt and by refinancing fixed rate debt at times when rates and terms are appropriate. Our combined 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 June 30, 2002, a 0.50% increase in the market rates of interest would decrease annual future earnings and cash flows by approximately \$10.6 million, and would decrease the fair value of debt by approximately \$470.6 million. A 0.50% decrease in the market rates of interest would increase annual future earnings and cash flows by approximately \$10.6 million, and would increase the fair value of debt by approximately \$540.0 million.

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Part II – Other Information

Item 1: Legal Proceedings

Please refer to Note 10 of the accompanying Unaudited Notes Financial Statements for a summary of material pending litigation.

Item 2: Changes in Securities and Use of Proceeds

- (a) Effective April 1, 2002, the Boards of Directors of the Companies amended Section 1.11 of the By-Laws of both SPG and SRC regarding stockholder proposals. The amendment changed the advance notice requirements related to stockholder proposals that are to be presented at an annual meeting so that the same amount of advance notice is required for those proposals as is required by SEC regulations for stockholder proposals that are to be included in proxy materials.

- (d) Unregistered Sales of Equity Securities

During the second quarter of 2002, the Companies issued 73,442 Paired Shares to a limited partner in exchange for an equal number of Units. The issuance of the shares was made pursuant to the terms of the partnership agreements for the Operating Partnerships and was exempt from registration under the Securities Act of 1933, as amended, in reliance upon Section 4(2) as an exempt private offering. The Companies are required to register the resale of the Paired Shares under the Securities Act.

Item 4: Submissions of Matters to a Vote of Security Holders

The annual meetings of the stockholders of SPG and SRC were held on May 8, 2002. The matters submitted to the stockholders for a vote included (a) the election of 7 directors to SPG's Board of Directors and the election of 11 directors to SRC's Board of Directors; (b) approval of an amendment to the 1998 Stock Incentive Plan and (c) consideration of a stockholder proposal related to the composition of the Board of Directors.

The following tables set forth the results of voting on these matters:

SPG:

<i>Matter:</i>	<i>Number of Votes FOR</i>	<i>Number of Votes WITHHELD</i>	<i>Number of Abstentions/ Broker-Non Votes</i>
Election of Directors:			
Birch Bayh	128,425,322	4,904,814	0
Melvyn E. Bergstein	123,953,520	9,376,616	0
Hans C. Mautner	127,799,940	5,530,196	0
G. William Miller	128,177,787	5,152,349	0
J. Albert Smith, Jr.	119,510,196	13,819,940	0
Pieter S. van den Berg	128,552,850	4,777,286	0
Philip J. Ward	121,033,213	12,296,923	0
Amendment to the 1998 Stock Incentive Plan:	121,186,901	11,818,996	324,239
Consideration of stockholder proposal:	63,449,591	49,494,096	18,533,100

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SRC:

<i>Matter:</i>	<i>Number of Votes FOR</i>	<i>Number of Votes WITHHELD</i>	<i>Number of Abstentions/ Broker-Non Votes</i>
Election of Directors:			
Birch Bayh	128,469,573	4,860,563	0
Melvyn E. Bergstein	128,560,688	4,769,448	0
Hans C. Mautner	128,209,971	5,120,165	0
G. William Miller	128,537,711	4,792,425	0
Melvin Simon	91,564,213	41,765,923	0
Herbert Simon	87,165,541	46,164,595	0
David Simon	125,789,270	7,543,866	0
J. Albert Smith, Jr.	120,819,309	12,510,827	0
Richard S. Sokolov	127,980,288	5,349,848	0
Pieter S. van den Berg	128,555,783	4,774,353	0
Philip J. Ward	119,331,101	13,999,035	0
Amendment to the 1998 Stock Incentive Plan:	121,186,901	11,818,996	324,239
Consideration of stockholder proposal:	63,449,591	49,494,096	18,533,100

Members of the Board's of Directors whose term of office as director continued after the Annual Meeting other than those elected are Melvin Simon, Herbert Simon, David Simon, Richard S. Sokolov, Frederick W. Petri and M. Denise DeBartolo York.

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

- 3.1 Amended and Restated By-laws of Simon Property Group, Inc.
- 3.2 Amended and Restated By-laws of SPG Realty Consultants, Inc.
- 99.1 CEO Certification of Form 10-Q
- 99.2 CFO Certification of Form 10-Q

(b) Reports on Form 8-K

Five reports on Form 8-K were filed during the current period.

On May 17, 2002 under Item 5 — Other Events, the Companies reported that they made available additional ownership and operational information concerning the Companies, the Operating Partnerships, and the properties owned or managed as of March 31, 2001, in the form of a Supplemental Information Package. A copy of the package was included as an exhibit to the 8-K filing. In addition, the Companies reported that, on May 8, 2002, SPG issued a press release containing information on earnings as of March 31, 2001 and other matters. A copy of the press release was included as an exhibit to the filing.

On May 20, 2002 under Item 2 — Acquisition or Disposition of Assets, SPG reported that on May 3, 2002, Simon Property Group, L.P., jointly acquired with the Rouse Company and Westfield America Trust certain partnership interests owned by Rodamco North America N.V. for \$5.4 billion, of which Simon Property Group, L.P.'s share was approximately \$1.6 billion. The Companies also reported information on the funding of the acquisition and the concurrent sale of certain partnership interests acquired as part of the acquisition.

On June 10, 2002 under Item 4 — Change in Registrants' Certifying Accountant, the Companies reported that on June 7, 2002, they decided to replace Arthur Andersen LLP with Ernst & Young LLP as the Companies' independent accountants, effective June 10, 2002.

On June 10, 2002 under Item 4 — Change in Registrants' Certifying Accountant, the Companies reported that on June 7, 2002, Simon Property Group, L.P. (the Plan Administrator) decided to replace Arthur Andersen LLP with Ernst & Young LLP as the Simon Property Group and Adopting Entities Matching Savings Plan's independent accountants, effective June 10, 2002.

On June 27, 2002 under Item 2 — Other Events, the Companies filed a report in connection with the public offering of 9,000,000 Paired Shares of common stock. The underwriting agreement was included as an exhibit in the filing.

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SIGNATURE

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

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

/s/ Stephen E. Sterrett

Stephen E. Sterrett,
Executive Vice President and Chief Financial Officer

Date: August 14, 2002

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[SIMON PROPERTY GROUP, INC. AND SPG REALTY CONSULTANTS, INC. Condensed Notes to Unaudited Financial Statements \(Dollars in thousands, except per share amounts and where indicated as in millions or billions\).](#)

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AMENDED AND RESTATED
SIMON PROPERTY GROUP, INC.
BY-LAWS

ARTICLE I.
STOCKHOLDERS

SECTION 1.01. ANNUAL MEETING. Simon Property Group, Inc. (the "Corporation") shall hold an annual meeting of its stockholders to elect directors and transact any other business within its powers, at such place, on such date, and at such time as shall be set by the Board of Directors. Except as the Restated Certificate of Incorporation of the Corporation (the "Charter"), these By-Laws, or statute provides otherwise, any business may be considered at an annual meeting without the purpose of the meeting having been specified in the notice. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid corporate acts.

SECTION 1.02. SPECIAL MEETING. At any time in the interval between annual meetings, a special meeting of the stockholders may be called by the Chairman of the Board, or a Co-Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting or in writing (addressed to the Secretary of the Corporation) with or without a meeting.

SECTION 1.03. PLACE OF MEETINGS. Meetings of stockholders shall be held at such place in the United States as is set from time to time by the Board of Directors.

SECTION 1.04. NOTICE OF MEETINGS; WAIVER OF NOTICE. Not less than ten nor more than 60 days before each stockholders meeting, the Secretary shall give written notice of the meeting to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting. The notice shall state the time and place of the meeting and, if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting. Notice is given to a stockholder when it is personally delivered to him, left at his residence or usual place of business, or mailed to him at his address as it appears on the records of the Corporation. Notwithstanding the foregoing provisions, each person who is entitled to notice waives notice if he or she before or after the meeting signs a waiver of the notice which is filed with the records of stockholders'

Effective as of April 1, 2002

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meetings, or is present at the meeting in person or by proxy (except as otherwise provided by Section 229 of the General Corporation Law of the State of Delaware).

SECTION 1.05. QUORUM; VOTING. Unless any statute or the Charter provides otherwise, at a meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum, and the affirmative vote of a majority of all the votes cast at a meeting at which a quorum is present is sufficient to approve any matter which properly comes before the meeting, except that a plurality of all the votes cast at a meeting at which a quorum is present is sufficient to elect a director.

SECTION 1.06. ADJOURNMENTS. Whether or not a quorum is present, a meeting of stockholders convened on the date for which it was called may be adjourned from time to time by a majority vote of the stockholders present in person or by proxy entitled to vote without notice other than by announcement at the meeting. Any business which might have been transacted at the meeting as originally notified may be deferred and transacted at any such adjourned meeting at which a quorum shall be present.

SECTION 1.07. GENERAL RIGHT TO VOTE; PROXIES. Unless the Charter provides otherwise, each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of stockholders. In all elections for directors, each share of stock entitled to vote may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A stockholder may vote the stock he or she owns of record either in person or by proxy authorized by an instrument in writing or by a transmission permitted by law. Unless a proxy provides otherwise, it is not valid more than three years after its date.

SECTION 1.08. LIST OF STOCKHOLDERS. The Secretary shall prepare and make, at least ten days before every election of directors, a complete list of the stockholders entitled to vote, arranged in alphabetical order and showing the address of each stockholder and the number of shares of each stockholder. Such list shall be open at the place where the election is to be held for said ten days, to the examination of any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof, and subject to the inspection of any stockholder who may be present.

SECTION 1.09. CONDUCT OF BUSINESS. Nominations of persons for

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election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving notice provided for in Section 1.11, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 1.12. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the any proposed nomination or business is not in compliance with this Section and Section 1.12, to declare that such defective nomination or proposal be disregarded. No person shall be qualified to serve as a director unless nominated in accordance with this Section 1.09.

SECTION 1.10. CONDUCT OF VOTING. At all meetings of stockholders, unless the voting is conducted by inspectors, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies, the acceptance or rejection of votes and procedures for the conduct of business not otherwise specified by these By-Laws, the Charter or law, shall be decided or determined by the chairman of the meeting. Unless required by law, no vote need be by ballot and voting need not be conducted by an inspector. No candidate for election as a director at a meeting shall serve as an inspector thereat.

SECTION 1.11. STOCKHOLDER PROPOSALS. For any stockholder proposal to be presented in connection with an annual meeting of stockholders of the Corporation, including any proposal relating to the nomination of a director to be elected to the Board of Directors of the Corporation, the stockholders must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred twenty (120) calendar days in advance of the date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date of the previous year's meeting, to be timely, notice by the stockholder must be received not later than the close of business on the later of one hundred twenty (120) calendar days in advance of such annual meeting or ten (10) calendar days following the date on which public announcement of the date of the meeting is first made. Such stockholder's notice shall set forth (a) as to each person whom the stockholder proposes to nominate for

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election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholders and such beneficial owner. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the Exchange

Act.

ARTICLE II.
BOARD OF DIRECTORS

SECTION 2.01. FUNCTION OF DIRECTORS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. All powers of the Corporation may be exercised by or under authority of the Board of Directors, except as conferred on or reserved to the stockholders by statute or by the Charter or By-Laws.

SECTION 2.02. NUMBER OF DIRECTORS. The Corporation shall have that number of directors as provided in paragraph (a) of Article FIFTH of the Charter.

SECTION 2.03. REMOVAL OF DIRECTOR. Any director or the entire Board of Directors may be removed only in accordance with the provisions of the Charter and General Corporation Law of the State of Delaware.

SECTION 2.04. VACANCY ON BOARD. Subject to the rights of the holders of any class of Preferred Stock then outstanding, newly created directorships

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resulting from any increase in the authorized number of directors shall be filled by a vote of the stockholders or a majority of the directors in office on the Board of Directors, and any vacancies on the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office, or other cause shall be filled in accordance with paragraph (b) of Article FIFTH of the Charter.

SECTION 2.05. REGULAR MEETINGS. After each meeting of stockholders at which directors shall have been elected, the Board of Directors shall meet as soon as practicable for the purpose of organization and the transaction of other business. In the event that no other time and place are specified by resolution of the Board of Directors, the President, the Chairman of the Board or a Co-Chairman of the Board, with notice in accordance with Section 2.07, the Board of Directors shall meet immediately following the close of, and at the place of, such stockholders' meeting. Any other regular meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors.

SECTION 2.06. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, a Co-Chairman of the Board, or the President or by a majority of the Board of Directors by vote at a meeting, or in writing with or without a meeting. A special meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors. In the absence of designation such meeting shall be held at such place as may be designated in the call.

SECTION 2.07. NOTICE OF MEETING. Except as provided in Section 2.05, the Secretary shall give notice to each director of each regular and special meeting of the Board of Directors. The notice shall state the time and place of the meeting. Notice is given to a director when it is delivered personally to him, left at his residence or usual place of business, or sent by telegraph, facsimile transmission or telephone, at least 24 hours before the time of the meeting or, in the alternative by mail to his address as it shall appear on the records of the Corporation, at least 72 hours before the time of the meeting. Unless the By-Laws or a resolution of the Board of Directors provides otherwise, the notice need not state the business to be transacted at or the purposes of any regular or special meeting of the Board of Directors. No notice of any meeting of the Board of Directors need be given to any director who attends except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened, or to any director who, in writing exe-

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cuted and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 2.08. ACTION BY DIRECTORS. Unless statute or the Charter or By-Laws requires a greater proportion, the action of a majority of the directors present at a meeting at which a quorum is present is action of the Board of Directors. A majority of the entire Board of Directors shall constitute a quorum for the

transaction of business. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting, if an unanimous written consent which sets forth the action is signed by each member of the Board and filed with the minutes of proceedings of the Board.

SECTION 2.09. MEETING BY CONFERENCE TELEPHONE. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

SECTION 2.10. COMPENSATION. By resolution of the Board of Directors a fixed sum and expenses, if any, for attendance at each regular or special meeting of the Board of Directors or of committees thereof, and other compensation for their services as such or on committees of the Board of Directors, may be paid to directors. Directors who are employees of the Corporation need not be paid for attendance at meetings of the board or committees thereof for which fees are paid to other directors. A director who serves the Corporation in any other capacity also may receive compensation for such other services, pursuant to a resolution of the directors.

SECTION 2.11. ADVISORY DIRECTORS. The Board of Directors may by resolution appoint advisory directors to the Board, who may also serve as directors emeriti, and shall have such authority and receive such compensation and reimbursement as the Board of Directors shall provide. Advisory directors or directors

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emeriti shall not have the authority to participate by vote in the transaction of business.

SECTION 2.12. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

ARTICLE III. COMMITTEES

SECTION 3.01. COMMITTEES. In accordance with the Charter, the Board of Directors may appoint an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating Committee and other committees composed of one or more directors and delegate to these committees any of the powers of the Board of Directors, except the power to declare dividends or other distributions on stock, elect directors, issue stock other than as provided in the next sentence, recommend to the stockholders any action which requires stockholder approval, amend the By-Laws, or approve any merger or share exchange which does not require stockholder approval. If the Board of Directors has given general authorization for the issuance of stock, a committee of the Board of Directors, in accordance with a general formula or method specified by the Board of Directors by resolution or by adoption of a stock option or other plan, may fix the terms of stock subject to the terms on which any stock may be issued, including all terms and conditions required or permitted to be established or authorized by the Board of Directors.

SECTION 3.02. COMMITTEE PROCEDURE. Each committee may fix rules of procedure for its business. A majority of the members of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting, if a unanimous written consent which sets forth the action is signed by each committee member and filed with the minutes of the committee. The members of a committee may conduct any meeting thereof by conference telephone in accordance with the provisions of Section 2.10.

ARTICLE IV. OFFICERS

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SECTION 4.01. EXECUTIVE AND OTHER OFFICERS. The Corporation shall have a

President, a Secretary, and a Treasurer. The Corporation may also have a Chairman, or Co-Chairmen, of the Board, a Chief Executive Officer, a Chief Operating Officer, one or more Vice-Presidents, assistant officers, and subordinate officers as may be established by the Board of Directors. A person may hold more than one office in the Corporation except that no person may serve concurrently as both President and Vice-President of the Corporation. The Chairman of the Board, or each of the Co-Chairmen of the Board, as the case may be, shall be a director; the other officers may be directors.

SECTION 4.02. CHAIRMAN OF THE BOARD. The Chairman, or Co-Chairmen, of the Board, if elected, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she or they shall be present. In general, the Chairman of the Board and a Co-Chairman of the Board shall perform all such duties as are from time to time assigned to him or her by the Board of Directors.

SECTION 4.03. VICE CHAIRMAN. The Vice Chairman of the Board, if one be elected by the Board of Directors, shall be an officer of the Corporation. In general, the Vice Chairman of the Board shall perform all such duties as are from time to time assigned to him or her by the Board of Directors.

SECTION 4.04. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors and with the President, shall in general supervise and control all of the business and affairs of the Corporation. In general, he or she shall perform such other duties usually performed by a chief executive officer of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors of the Corporation. Unless otherwise provided by resolution of the Board of Directors, the Chief Executive Officer, if one be elected, in the absence of the Chairman of the Board or a Co-Chairman of the Board, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present.

SECTION 4.05. PRESIDENT. Unless otherwise specified by the Board of Directors, the President shall be the principal operating officer of the Corporation and perform the duties customarily performed by a principal operating officer of a corporation. If no Chief Executive Officer is appointed, he or she shall also serve as the Chief Executive Officer of the Corporation. The President may sign and

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execute, in the name of the Corporation, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer or agent of the Corporation. In general, he or she shall perform such other duties usually performed by a president of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors or the Chief Executive Officer of the Corporation. Unless otherwise provided by resolution of the Board of Directors, the President, in the absence of the Chairman of the Board, a Co-Chairman of the Board and the Chief Executive Officer, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present.

SECTION 4.06. CHIEF OPERATING OFFICER. The Chief Operating Officer, at the request of the Chief Executive Officer or the President, or in the President's absence or during his inability to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. Unless otherwise specified by the Board of Directors, he or she shall perform such other duties usually performed by a chief operating officer of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive Officer or the President of the Corporation.

SECTION 4.07. VICE-PRESIDENTS. The Vice-President or Vice-Presidents, at the request of the Chief Executive Officer or the President or the Chief Operating Officer, or in the Chief Operating Officer's absence or during his inability to act, shall perform the duties and exercise the functions of the Chief Operating Officer, and when so acting shall have the powers of the Chief Operating Officer. If there be more than one Vice-President, the Board of Directors may determine which one or more of the Vice-Presidents shall perform any of such duties or exercise any of such functions, or if such determination is not made by the Board of Directors, the Chief Executive Officer, or the President may make such determination; otherwise any of the Vice-Presidents may perform any of such duties or exercise any of such functions. The Vice-President or Vice-Presidents shall have such other powers and perform such other duties, and have such additional descriptive designations in their titles (if any), as are from time to time assigned to them by the Board of Directors, the Chief Executive Officer, or the President of the Corporation.

SECTION 4.08. SECRETARY. The Secretary shall keep the minutes of the

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meetings of the stockholders, of the Board of Directors and of any committees, in books provided for the purpose; he or she shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he or she shall be custodian of the records of the Corporation; he or she may witness any document on behalf of the Corporation, the execution of which is duly authorized, see that the corporate seal is affixed where such document is required or desired to be under its seal, and, when so affixed, may attest the same; and, in general, the Secretary shall perform all duties incident to the office of a secretary of a corporation, and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive officer, or the President of the Corporation.

SECTION 4.09. TREASURER. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation, all moneys or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by the Board of Directors; he or she shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Corporation; and, in general, the Treasurer shall perform all the duties incident to the office of a treasurer of a corporation, and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive officer, or the President of the Corporation.

SECTION 4.10. ASSISTANT AND SUBORDINATE OFFICERS. The assistant and subordinate officers of the Corporation are all officers below the office of Vice-President, Secretary, or Treasurer. The assistant or subordinate officers shall have such duties as are from time to time assigned to them by the Board of Directors, the Chief Executive Officer, or the President of the Corporation.

SECTION 4.11. ELECTION, TENURE AND REMOVAL OF OFFICERS. The Board of Directors shall elect the officers. The Board of Directors may from time to time authorize any committee or officer to appoint assistant and subordinate officers. Election or appointment of an officer, employee or agent shall not of itself create contract rights. All officers shall be appointed to hold their offices, respectively, during the pleasure of the Board. The Board of Directors (or, as to any assistant or subordinate officer, any committee or officer authorized by the Board) may remove an officer at any time. The removal of an officer does not prejudice any of his contract rights. The Board of Directors (or, as to any assistant or subordinate officer, any committee or officer authorized by the Board) may fill a vacancy

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which occurs in any office for the unexpired portion of the term.

SECTION 4.12. COMPENSATION. The Board of Directors shall have power to fix the salaries and other compensation and remuneration, of whatever kind, of all officers of the Corporation. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the Corporation. The Board of Directors may authorize any committee or officer, upon whom the power of appointing assistant and subordinate officers may have been conferred, to fix the salaries, compensation and remuneration of such assistant and subordinate officers.

ARTICLE V. DIVISIONAL TITLES

SECTION 5.01. CONFERRING DIVISIONAL TITLES. The Board of Directors may from time to time confer upon any employee of a division of the Corporation the title of President, Vice President, Treasurer or Controller of such division or any other title or titles deemed appropriate, or may authorize the Chairman of the Board, a Co-Chairman of the Board, the Chief Executive Officer or the President to do so. Any such titles so conferred may be discontinued and withdrawn at any time by the Board of Directors, or by the Chairman of the Board, or a Co-Chairman of the Board or the President if so authorized by the Board of Directors. Any employee of a division designated by such a divisional title shall have the powers and duties with respect to such division as shall be prescribed by the Board of Directors, the Chairman of the Board, a Co-Chairman of the Board, or the President.

SECTION 5.02. EFFECT OF DIVISIONAL TITLES. The conferring of divisional

titles, as described in Section 5.01 hereof, shall not create an office of the Corporation under Article IV unless specifically designated as such by the Board of Directors; but any person who is an officer of the Corporation may also have a divisional title.

ARTICLE VI.
STOCK

SECTION 6.01. CERTIFICATES FOR STOCK. Each stockholder is entitled to certificates which represent and certify the shares of stock he or she holds in the Corporation. Each stock certificate shall include on its face the name of the

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Corporation, the name of the stockholder or other person to whom it is issued, and the class of stock and number of shares it represents. It shall be in such form, not inconsistent with law or with the Charter, as shall be approved by the Board of Directors or any officer or officers designated for such purpose by resolution of the Board of Directors. Each stock certificate shall be signed by the Chairman of the Board, a Co-Chairman of the Board, the President, or a Vice-President, and countersigned by the Secretary, an Assistant Secretary, the Treasurer, or an Assistant Treasurer. Each certificate may be sealed with the actual corporate seal or a facsimile of it or in any other form and the signatures may be either manual or facsimile signatures. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. A certificate may not be issued until the stock represented by it is fully paid.

SECTION 6.02. TRANSFERS. The Board of Directors shall have power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates of stock; and may appoint transfer agents and registrars thereof. The duties of transfer agent and registrar may be combined.

SECTION 6.03. RECORD DATES. The Board of Directors may set a record date for the purpose of making any proper determination with respect to stockholders, including which stockholders are entitled to notice of a meeting, vote at a meeting, receive a dividend, or be allotted other rights. The record date may not be prior to the close of business on the day the record date is fixed nor, subject to Section 1.06, more than 60 days before the date on which the action requiring the determination will be taken; and, in the case of a meeting of stockholders, the record date shall be at least ten days before the date of the meeting.

SECTION 6.04. STOCK LEDGER. The Corporation shall maintain a stock ledger which contains the name and address of each stockholder and the number of shares of stock of each class which the stockholder holds. The stock ledger may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. The original or a duplicate of the stock ledger shall be kept at the offices of a transfer agent for the particular class of stock, or, if none, at the principal office in the State of Delaware or the principal executive offices of the Corporation.

SECTION 6.05. LOST STOCK CERTIFICATES. The Board of Directors of the Corporation may determine the conditions for issuing a new stock certificate in

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place of one which is alleged to have been lost, stolen, or destroyed, or the Board of Directors may delegate such power to any officer or officers of the Corporation. In their discretion, the Board of Directors or such officer or officers may refuse to issue such new certificate save upon the order of some court having jurisdiction in the premises.

ARTICLE VII.
FINANCE

SECTION 7.01. CHECKS, DRAFTS, ETC. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Corporation, shall, unless otherwise provided by resolution of the Board of Directors, be signed by the Chief Executive Officer, the President, a Vice-President or an Assistant Vice-President and countersigned by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary.

SECTION 7.02. FISCAL YEAR. The fiscal year of the Corporation shall be the

twelve calendar months period ending December 31 in each year, unless otherwise provided by the Board of Directors.

SECTION 7.03. DIVIDENDS. If declared by the Board of Directors at any meeting thereof, the Corporation may pay dividends on its shares in cash, property, or in shares of the capital stock of the Corporation, unless such dividend is contrary to law or to a restriction contained in the Charter.

SECTION 7.04. CONTRACTS. To the extent permitted by applicable law, and except as otherwise prescribed by the Charter or these By-Laws with respect to certificates for shares, the Board of Directors may authorize any officer, employee, or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

ARTICLE VIII. INDEMNIFICATION

SECTION 8.01. PROCEDURE. Any indemnification, or payment of expenses, for which mandatory payments must be made under the Charter, in advance of the final disposition of any proceeding, shall be made promptly, and in

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any event within 60 days, upon the written request of the director or officer entitled to seek indemnification (the "Indemnified Party"). The right to indemnification and advances hereunder shall be enforceable by the Indemnified Party in any court of competent jurisdiction, if (i) the Corporation denies such request, in whole or in part, or (ii) no disposition thereof is made within 60 days. The Indemnified Party's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be reimbursed by the Corporation. It shall be a defense to any action for advance for expenses that (a) a determination has been made that the facts then known to those making the determination would preclude indemnification or (b) the Corporation has not received both (i) an undertaking as required by law to repay such advances in the event it shall ultimately be determined that the standard of conduct has not been met and (ii) a written affirmation by the Indemnified Party of such Indemnified Party's good faith belief that the standard of conduct necessary for indemnification by the Corporation has been met.

SECTION 8.02. EXCLUSIVITY, ETC. The indemnification and advance of expenses provided by the Charter and these By-Laws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advance of expenses may be entitled under any law (common or statutory), or any agreement, vote of stockholders or disinterested directors or other provision that is consistent with law, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, shall continue in respect of all events occurring while a person was a director or officer after such person has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advance of expenses under the Charter of the Corporation and hereunder shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this By-Law is in effect. Nothing herein shall prevent the amendment of this By-Law, provided that no such amendment shall diminish the rights of any person hereunder with respect to events occurring or claims made before its adoption or as to claims made after its adoption in respect of events occurring before its adoption. Any repeal or modification of this By-Law shall not in any way diminish any rights to indemnification or advance of expenses of such director or officer or the obligations of the Corporation arising hereunder with respect to events occurring, or claims made, while this By-Law or any provision hereof is in force.

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SECTION 8.03. SEVERABILITY; DEFINITIONS. The invalidity or unenforceability of any provision of this Article VIII shall not affect the validity or enforceability of any other provision hereof. The phrase "this By-Law" in this Article VIII means this Article VIII in its entirety.

ARTICLE IX. SUNDRY PROVISIONS

SECTION 9.01. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of its accounts and transactions and minutes of the

proceedings of its stockholders and Board of Directors and of any executive or other committee when exercising any of the powers of the Board of Directors. The books and records of a Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction. The original or a certified copy of the By-Laws shall be kept at the principal office of the Corporation.

SECTION 9.02. CORPORATE SEAL. The Board of Directors shall provide a suitable seal, bearing the name of the Corporation, which shall be in the charge of the Secretary. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof. If the Corporation is required to place its corporate seal to a document, it is sufficient to meet the requirement of any law, rule, or regulation relating to a corporate seal to place the word "Seal" adjacent to the signature of the person authorized to sign the document on behalf of the Corporation.

SECTION 9.03. BONDS. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation, conditioned upon the faithful discharge of his duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors.

SECTION 9.04. VOTING UPON SHARES IN OTHER CORPORATIONS. Stock of other corporations or associations, registered in the name of the Corporation, may be voted by the President, a Vice-President, or a proxy appointed by either of them. The Board of Directors, however, may by resolution appoint some other person to vote such shares, in which case such person shall be entitled to vote such shares upon the production of a certified copy of such resolution.

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SECTION 9.05. MAIL. Any notice or other document which is required by these By-Laws to be mailed shall be deposited in the United States mails, postage prepaid.

SECTION 9.06. EXECUTION OF DOCUMENTS. A person who holds more than one office in the Corporation may not act in more than one capacity to execute, acknowledge, or verify an instrument required by law to be executed, acknowledged, or verified by more than one officer.

SECTION 9.07. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

SECTION 9.08. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to those of or relating to the Corporation.

SECTION 9.09. AMENDMENTS. In accordance with the Charter, these By-Laws may be repealed, altered, amended or rescinded by the stockholders of the Corporation (considered for this purpose as one class) by the affirmative vote of not less than 80% of all the votes entitled to be cast generally in the election of directors which are cast on the matter at any meeting of the stockholders called for that purpose (provided that notice of such proposed repeal, alteration, amendment or rescission is included in the notice of such meeting).

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AMENDED AND RESTATED
SPG REALTY CONSULTANTS, INC.
BY-LAWS

ARTICLE I.
STOCKHOLDERS

SECTION 1.01. ANNUAL MEETING. SPG Realty Consultants, Inc. (the "Corporation") shall hold an annual meeting of its stockholders to elect directors and transact any other business within its powers, at such place, on such date, and at such time as shall be set by the Board of Directors. Except as the Restated Certificate of Incorporation of the Corporation (the "Charter"), these By-Laws, or statute provides otherwise, any business may be considered at an annual meeting without the purpose of the meeting having been specified in the notice. Failure to hold an annual meeting does not invalidate the Corporation's existence or affect any otherwise valid corporate acts.

SECTION 1.02. SPECIAL MEETING. At any time in the interval between annual meetings, a special meeting of the stockholders may be called by the Chairman of the Board, or a Co-Chairman of the Board or the President or by a majority of the Board of Directors by vote at a meeting or in writing (addressed to the Secretary of the Corporation) with or without a meeting.

SECTION 1.03. PLACE OF MEETINGS. Meetings of stockholders shall be held at such place in the United States as is set from time to time by the Board of Directors.

SECTION 1.04. NOTICE OF MEETINGS; WAIVER OF NOTICE. Not less than ten nor more than 60 days before each stockholders meeting, the Secretary shall give written notice of the meeting to each stockholder entitled to vote at the meeting and each other stockholder entitled to notice of the meeting. The notice shall state the time and place of the meeting and, if the meeting is a special meeting or notice of the purpose is required by statute, the purpose of the meeting. Notice is given to a stockholder when it is personally delivered to him, left at his residence or usual place of business, or mailed to him at his address as it appears on the records of the Corporation. Notwithstanding the foregoing provisions, each person who is entitled to notice waives notice if he or she before or after the meeting signs a waiver of the notice which is filed with the records of stockholders'

meetings, or is present at the meeting in person or by proxy (except as otherwise provided by Section 229 of the General Corporation Law of the State of Delaware).

SECTION 1.05. QUORUM; VOTING. Unless any statute or the Charter provides otherwise, at a meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the meeting constitutes a quorum, and the affirmative vote of a majority of all the votes cast at a meeting at which a quorum is present is sufficient to approve any matter which properly comes before the meeting, except that a plurality of all the votes cast at a meeting at which a quorum is present is sufficient to elect a director.

SECTION 1.06. ADJOURNMENTS. Whether or not a quorum is present, a meeting of stockholders convened on the date for which it was called may be adjourned from time to time by a majority vote of the stockholders present in person or by proxy entitled to vote without notice other than by announcement at the meeting. Any business which might have been transacted at the meeting as originally notified may be deferred and transacted at any such adjourned meeting at which a quorum shall be present.

SECTION 1.07. GENERAL RIGHT TO VOTE; PROXIES. Unless the Charter provides otherwise, each outstanding share of stock, regardless of class, is entitled to one vote on each matter submitted to a vote at a meeting of stockholders. In all elections for directors, each share of stock entitled to vote may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A stockholder may vote the stock he or she owns of record either in person or by proxy authorized by an instrument in writing or by a transmission permitted by law. Unless a proxy provides otherwise, it is not valid more than three years after its date.

SECTION 1.08. LIST OF STOCKHOLDERS. The Secretary shall prepare and make, at least ten days before every election of directors, a complete list of the stockholders entitled to vote, arranged in alphabetical order and showing the address of each stockholder and the number of shares of each stockholder. Such list shall be open at the place where the election is to be held for said ten days, to the examination of any stockholder, and shall be produced and kept at the time and place of election during the whole time thereof, and subject to the inspection of any stockholder who may be present.

SECTION 1.09. CONDUCT OF BUSINESS. Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (a) pursuant to the Corporation's notice of meeting, (b) by or at the direction of the Board of Directors or (c) by any stockholder of the Corporation who was a stockholder of record at the time of giving notice provided for in Section 1.11, who is entitled to vote at the meeting and who complied with the notice procedures set forth in Section 1.12. The chairman of the meeting shall have the power and duty to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the any proposed nomination or business is not in compliance with this Section and Section 1.12, to declare that such defective nomination or proposal be disregarded. No person shall be qualified to serve as a director unless nominated in accordance with this Section 1.09.

SECTION 1.10. CONDUCT OF VOTING. At all meetings of stockholders, unless the voting is conducted by inspectors, the proxies and ballots shall be received, and all questions touching the qualification of voters and the validity of proxies, the acceptance or rejection of votes and procedures for the conduct of business not otherwise specified by these By-Laws, the Charter or law, shall be decided or determined by the chairman of the meeting. Unless required by law, no vote need be by ballot and voting need not be conducted by an inspector. No candidate for election as a director at a meeting shall serve as an inspector thereat.

SECTION 1.11. STOCKHOLDER PROPOSALS. For any stockholder proposal to be presented in connection with an annual meeting of stockholders of the Corporation, including any proposal relating to the nomination of a director to be elected to the Board of Directors of the Corporation, the stockholders must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a stockholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation not less than one hundred twenty (120) calendar days in advance of the date of the Corporation's proxy statement released to stockholders in connection with the previous year's annual meeting of stockholders; provided, however, that in the event that no annual meeting was held in the previous year or the date of the annual meeting has been changed by more than thirty (30) days from the date of the previous year's meeting, to be timely, notice by the stockholder must be received not later than the close of business on the later of one hundred twenty (120) calendar days in advance of such annual meeting or ten (10) calendar days following the date on which public announcement of the date of the meeting is first made. Such stockholder's notice

shall set forth (a) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (b) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (c) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (ii) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholders and such beneficial owner. Notwithstanding the foregoing, in order to include information with respect to a stockholder proposal in the proxy statement and form of proxy for a stockholder's meeting, stockholders must provide notice as required by the regulations promulgated under the Exchange Act.

ARTICLE II.
BOARD OF DIRECTORS

SECTION 2.01. FUNCTION OF DIRECTORS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors. All powers of the Corporation may be exercised by or under authority of the Board of Directors, except as conferred on or reserved to the stockholders by statute or by the Charter or By-Laws.

SECTION 2.02. NUMBER OF DIRECTORS. The Corporation shall have that number of directors as provided in paragraph (a) of Article FIFTH of the Charter.

SECTION 2.03. REMOVAL OF DIRECTOR. Any director or the entire Board of Directors may be removed only in accordance with the provisions of the Charter and General Corporation Law of the State of Delaware.

SECTION 2.04. VACANCY ON BOARD. Subject to the rights of the hold-

ers of any class of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors shall be filled by a vote of the stockholders or a majority of the directors in office on the Board of Directors, and any vacancies on the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office, or other cause shall be filled in accordance with paragraph (b) of Article FIFTH of the Charter.

SECTION 2.05. REGULAR MEETINGS. After each meeting of stockholders at which directors shall have been elected, the Board of Directors shall meet as soon as practicable for the purpose of organization and the transaction of other business. In the event that no other time and place are specified by resolution of the Board of Directors, the President, the Chairman of the Board or a Co-Chairman of the Board, with notice in accordance with Section 2.07, the Board of Directors shall meet immediately following the close of, and at the place of, such stockholders' meeting. Any other regular meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors.

SECTION 2.06. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, a Co-Chairman of the Board, or the President or by a majority of the Board of Directors by vote at a meeting, or in writing with or without a meeting. A special meeting of the Board of Directors shall be held on such date and at any place as may be designated from time to time by the Board of Directors. In the absence of designation such meeting shall be held at such place as may be designated in the call.

SECTION 2.07. NOTICE OF MEETING. Except as provided in Section 2.05, the Secretary shall give notice to each director of each regular and special meeting of the Board of Directors. The notice shall state the time and place of the meeting. Notice is given to a director when it is delivered personally to him, left at his residence or usual place of business, or sent by telegraph, facsimile transmission or telephone, at least 24 hours before the time of the meeting or, in the alternative by mail to his address as it shall appear on the records of the Corporation, at least 72 hours before the time of the meeting. Unless the By-Laws or a resolution of the Board of Directors provides otherwise, the notice need not state the business to be transacted at or the purposes of any regular or special meeting of the Board of Directors. No notice of any meeting of the Board of Directors need be given to any director who attends except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the

meeting is not lawfully called or convened, or to any director who, in writing executed and filed with the records of the meeting either before or after the holding thereof, waives such notice. Any meeting of the Board of Directors, regular or special, may adjourn from time to time to reconvene at the same or some other place, and no notice need be given of any such adjourned meeting other than by announcement.

SECTION 2.08. ACTION BY DIRECTORS. Unless statute or the Charter or By-Laws requires a greater proportion, the action of a majority of the directors present at a meeting at which a quorum is present is action of the Board of Directors. A majority of the entire Board of Directors shall constitute a quorum for the transaction of business. In the absence of a quorum, the directors present by majority vote and without notice other than by announcement may adjourn the meeting from time to time until a quorum shall attend. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Any action required or permitted to be taken at a meeting of the Board of Directors may be taken without a meeting, if an unanimous written consent which sets forth the action is signed by each member of the Board and filed with the minutes of proceedings of the Board.

SECTION 2.09. MEETING BY CONFERENCE TELEPHONE. Members of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting.

SECTION 2.10. COMPENSATION. By resolution of the Board of Directors a fixed sum and expenses, if any, for attendance at each regular or special meeting of the Board of Directors or of committees thereof, and other compensation for their services as such or on committees of the Board of Directors, may be paid to directors. Directors who are employees of the Corporation need not be paid for attendance at meetings of the board or committees thereof for which fees are paid to other directors. A director who serves the Corporation in any other capacity also may receive compensation for such other services, pursuant to a resolution of the directors.

SECTION 2.11. ADVISORY DIRECTORS. The Board of Directors may by resolution appoint advisory directors to the Board, who may also serve as directors emeriti, and shall have such authority and receive such compensation and reim-

bursement as the Board of Directors shall provide. Advisory directors or directors emeriti shall not have the authority to participate by vote in the transaction of business.

SECTION 2.12. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his or her duties.

ARTICLE III.
COMMITTEES

SECTION 3.01. COMMITTEES. In accordance with the Charter, the Board of Directors may appoint an Executive Committee, an Audit Committee, a Compensation Committee, a Nominating Committee and other committees composed of one or more directors and delegate to these committees any of the powers of the Board of Directors, except the power to declare dividends or other distributions on stock, elect directors, issue stock other than as provided in the next sentence, recommend to the stockholders any action which requires stockholder approval, amend the By-Laws, or approve any merger or share exchange which does not require stockholder approval. If the Board of Directors has given general authorization for the issuance of stock, a committee of the Board of Directors, in accordance with a general formula or method specified by the Board of Directors by resolution or by adoption of a stock option or other plan, may fix the terms of stock subject to the terms on which any stock may be issued, including all terms and conditions required or permitted to be established or authorized by the Board of Directors.

SECTION 3.02. COMMITTEE PROCEDURE. Each committee may fix rules of procedure for its business. A majority of the members of a committee shall constitute a quorum for the transaction of business and the act of a majority of those present at a meeting at which a quorum is present shall be the act of the committee. Any action required or permitted to be taken at a meeting of a committee may be taken without a meeting, if a unanimous written consent which sets forth the action is signed by each committee member and filed with the minutes of the committee. The members of a committee may conduct any meeting thereof by conference telephone in accordance with the provisions of Section 2.10.

ARTICLE IV.
OFFICERS

SECTION 4.01. EXECUTIVE AND OTHER OFFICERS. The Corporation shall have a President, a Secretary, and a Treasurer. The Corporation may also have a Chairman, or Co-Chairmen, of the Board, a Chief Executive Officer, a Chief Operating Officer, one or more Vice-Presidents, assistant officers, and subordinate officers as may be established by the Board of Directors. A person may hold more than one office in the Corporation except that no person may serve concurrently as both President and Vice-President of the Corporation. The Chairman of the Board, or each of the Co-Chairmen of the Board, as the case may be, shall be a director; the other officers may be directors.

SECTION 4.02. CHAIRMAN OF THE BOARD. The Chairman, or Co-Chairmen, of the Board, if elected, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she or they shall be present. In general, the Chairman of the Board and a Co-Chairman of the Board shall perform all such duties as are from time to time assigned to him or her by the Board of Directors.

SECTION 4.03. VICE CHAIRMAN. The Vice Chairman of the Board, if one be elected by the Board of Directors, shall be an officer of the Corporation. In general, the Vice Chairman of the Board shall perform all such duties as are from time to time assigned to him or her by the Board of Directors.

SECTION 4.04. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer shall be the principal executive officer of the Corporation and, subject to the control of the Board of Directors and with the President, shall in general supervise and control all of the business and affairs of the Corporation. In general, he or she shall perform such other duties usually performed by a chief executive officer of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors of the Corporation. Unless otherwise provided by resolution of the Board of Directors, the Chief Executive Officer, if one be elected, in the absence of the Chairman of the Board or a Co-Chairman of the Board, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present.

SECTION 4.05. PRESIDENT. Unless otherwise specified by the Board of Directors, the President shall be the principal operating officer of the Corporation and perform the duties customarily performed by a principal operating officer of a corporation. If no Chief Executive Officer is appointed, he or she shall also serve

as the Chief Executive Officer of the Corporation. The President may sign and execute, in the name of the Corporation, all authorized deeds, mortgages, bonds, contracts or other instruments, except in cases in which the signing and execution thereof shall have been expressly delegated to some other officer or agent of the Corporation. In general, he or she shall perform such other duties usually performed by a president of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors or the Chief Executive Officer of the Corporation. Unless otherwise provided by resolution of the Board of Directors, the President, in the absence of the Chairman of the Board, a Co-Chairman of the Board and the Chief Executive Officer, shall preside at all meetings of the Board of Directors and of the stockholders at which he or she shall be present.

SECTION 4.06. CHIEF OPERATING OFFICER. The Chief Operating Officer, at the request of the Chief Executive Officer or the President, or in the President's absence or during his inability to act, shall perform the duties and exercise the functions of the President, and when so acting shall have the powers of the President. Unless otherwise specified by the Board of Directors, he or she shall perform such other duties usually performed by a chief operating officer of a corporation and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive Officer or the President of the Corporation.

SECTION 4.07. VICE-PRESIDENTS. The Vice-President or Vice-Presidents, at the request of the Chief Executive Officer or the President or the Chief Operating Officer, or in the Chief Operating Officer's absence or during his inability to act, shall perform the duties and exercise the functions of the Chief Operating Officer, and when so acting shall have the powers of the Chief Operating Officer. If there be more than one Vice-President, the Board of Directors may determine which one or more of the Vice-Presidents shall perform any of such duties or exercise any of such functions, or if such determination is not made by the Board of Directors, the Chief Executive Officer, or the President may make such determination; otherwise any of the Vice-Presidents may perform any of such duties or exercise any of such functions. The Vice-President or Vice-Presidents shall have such other powers and perform such other duties, and have such additional descriptive designations in their titles (if any), as are from time to time assigned to them by the Board of Directors, the Chief Executive Officer, or the President of the Corporation.

SECTION 4.08. SECRETARY. The Secretary shall keep the minutes of the meetings of the stockholders, of the Board of Directors and of any committees, in books provided for the purpose; he or she shall see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law; he or she shall be custodian of the records of the Corporation; he or she may witness any document on behalf of the Corporation, the execution of which is duly authorized, see that the corporate seal is affixed where such document is required or desired to be under its seal, and, when so affixed, may attest the same; and, in general, the Secretary shall perform all duties incident to the office of a secretary of a corporation, and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive officer, or the President of the Corporation.

SECTION 4.09. TREASURER. The Treasurer shall have charge of and be responsible for all funds, securities, receipts and disbursements of the Corporation, and shall deposit, or cause to be deposited, in the name of the Corporation, all moneys or other valuable effects in such banks, trust companies or other depositories as shall, from time to time, be selected by the Board of Directors; he or she shall render to the President and to the Board of Directors, whenever requested, an account of the financial condition of the Corporation; and, in general, the Treasurer shall perform all the duties incident to the office of a treasurer of a corporation, and such other duties as are from time to time assigned to him or her by the Board of Directors, the Chief Executive officer, or the President of the Corporation.

SECTION 4.10. ASSISTANT AND SUBORDINATE OFFICERS. The assistant and subordinate officers of the Corporation are all officers below the office of Vice-President, Secretary, or Treasurer. The assistant or subordinate officers shall have such duties as are from time to time assigned to them by the Board of Directors, the Chief Executive Officer, or the President of the Corporation.

SECTION 4.11. ELECTION, TENURE AND REMOVAL OF OFFICERS. The Board of Directors shall elect the officers. The Board of Directors may from time to time authorize any committee or officer to appoint assistant and subordinate officers. Election or appointment of an officer, employee or agent shall not of itself create contract rights. All officers shall be appointed to hold their offices, respectively, during the pleasure of the Board. The Board of Directors (or, as to any assistant or subordinate officer, any committee or officer authorized by the Board) may remove an officer at any time. The removal of an officer does not prejudice any of his contract rights. The Board of Directors (or, as to any assistant or subor-

dinate officer, any committee or officer authorized by the Board) may fill a vacancy which occurs in any office for the unexpired portion of the term.

SECTION 4.12. COMPENSATION. The Board of Directors shall have power to fix the salaries and other compensation and remuneration, of whatever kind, of all officers of the Corporation. No officer shall be prevented from receiving such salary by reason of the fact that he or she is also a director of the Corporation. The Board of Directors may authorize any committee or officer, upon whom the power of appointing assistant and subordinate officers may have been conferred, to fix the salaries, compensation and remuneration of such assistant and subordinate officers.

ARTICLE V.
DIVISIONAL TITLES

SECTION 5.01. CONFERRING DIVISIONAL TITLES. The Board of Directors may from time to time confer upon any employee of a division of the Corporation the title of President, Vice President, Treasurer or Controller of such division or any other title or titles deemed appropriate, or may authorize the Chairman of the Board, a Co-Chairman of the Board, the Chief Executive Officer or the President to do so. Any such titles so conferred may be discontinued and withdrawn at any time by the Board of Directors, or by the Chairman of the Board, or a Co-Chairman of the Board or the President if so authorized by the Board of Directors. Any employee of a division designated by such a divisional title shall have the powers and duties with respect to such division as shall be prescribed by the Board of Directors, the Chairman of the Board, a Co-Chairman of the Board, or the President.

SECTION 5.02. EFFECT OF DIVISIONAL TITLES. The conferring of divisional titles, as described in Section 5.01 hereof, shall not create an office of the Corporation under Article IV unless specifically designated as such by the Board of Directors; but any person who is an officer of the Corporation may also have a divisional title.

ARTICLE VI.
STOCK

SECTION 6.01. CERTIFICATES FOR STOCK. Each stockholder is entitled to certificates which represent and certify the shares of stock he or she holds

in the Corporation. Each stock certificate shall include on its face the name of the Corporation, the name of the stockholder or other person to whom it is issued, and the class of stock and number of shares it represents. It shall be in such form, not inconsistent with law or with the Charter, as shall be approved by the Board of Directors or any officer or officers designated for such purpose by resolution of the Board of Directors. Each stock certificate shall be signed by the Chairman of the Board, a Co-Chairman of the Board, the President, or a Vice-President, and countersigned by the Secretary, an Assistant Secretary, the Treasurer, or an Assistant Treasurer. Each certificate may be sealed with the actual corporate seal or a facsimile of it or in any other form and the signatures may be either manual or facsimile signatures. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. A certificate may not be issued until the stock represented by it is fully paid.

SECTION 6.02. TRANSFERS. The Board of Directors shall have power and authority to make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of certificates of stock; and may appoint transfer agents and registrars thereof. The duties of transfer agent and registrar may be combined.

SECTION 6.03. RECORD DATES. The Board of Directors may set a record date for the purpose of making any proper determination with respect to stockholders, including which stockholders are entitled to notice of a meeting, vote at a meeting, receive a dividend, or be allotted other rights. The record date may not be prior to the close of business on the day the record date is fixed nor, subject to Section 1.06, more than 60 days before the date on which the action requiring the determination will be taken; and, in the case of a meeting of stockholders, the record date shall be at least ten days before the date of the meeting.

SECTION 6.04. STOCK LEDGER. The Corporation shall maintain a stock ledger which contains the name and address of each stockholder and the number of shares of stock of each class which the stockholder holds. The stock ledger may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. The original or a duplicate of the stock ledger shall be kept at the offices of a transfer agent for the particular class of stock, or, if none, at the principal office in the State of Delaware or the principal executive offices of the Corporation.

SECTION 6.05. LOST STOCK CERTIFICATES. The Board of Directors of

the Corporation may determine the conditions for issuing a new stock certificate in place of one which is alleged to have been lost, stolen, or destroyed, or the Board of Directors may delegate such power to any officer or officers of the Corporation. In their discretion, the Board of Directors or such officer or officers may refuse to issue such new certificate save upon the order of some court having jurisdiction in the premises.

ARTICLE VII.
FINANCE

SECTION 7.01. CHECKS, DRAFTS, ETC. All checks, drafts and orders for the payment of money, notes and other evidences of indebtedness, issued in the name of the Corporation, shall, unless otherwise provided by resolution of the Board of Directors, be signed by the Chief Executive Officer, the President, a Vice-President or an Assistant Vice-President and countersigned by the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary.

SECTION 7.02. FISCAL YEAR. The fiscal year of the Corporation shall be the twelve calendar months period ending December 31 in each year, unless otherwise provided by the Board of Directors.

SECTION 7.03. DIVIDENDS. If declared by the Board of Directors at any meeting thereof, the Corporation may pay dividends on its shares in cash, property, or in shares of the capital stock of the Corporation, unless such dividend is contrary to law or to a restriction contained in the Charter.

SECTION 7.04. CONTRACTS. To the extent permitted by applicable law, and except as otherwise prescribed by the Charter or these By-Laws with respect to certificates for shares, the Board of Directors may authorize any officer, employee, or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

ARTICLE VIII.
INDEMNIFICATION

SECTION 8.01. PROCEDURE. Any indemnification, or payment of expenses, for which mandatory payments must be made under the Charter, in ad-

vance of the final disposition of any proceeding, shall be made promptly, and in any event within 60 days, upon the written request of the director or officer entitled to seek indemnification (the "Indemnified Party"). The right to indemnification and advances hereunder shall be enforceable by the Indemnified Party in any court of competent jurisdiction, if (i) the Corporation denies such request, in whole or in part, or (ii) no disposition thereof is made within 60 days. The Indemnified Party's costs and expenses incurred in connection with successfully establishing his right to indemnification, in whole or in part, in any such action shall also be reimbursed by the Corporation. It shall be a defense to any action for advance for expenses that (a) a determination has been made that the facts then known to those making the determination would preclude indemnification or (b) the Corporation has not received both (i) an undertaking as required by law to repay such advances in the event it shall ultimately be determined that the standard of conduct has not been met and (ii) a written affirmation by the Indemnified Party of such Indemnified Party's good faith belief that the standard of conduct necessary for indemnification by the Corporation has been met.

SECTION 8.02. EXCLUSIVITY, ETC. The indemnification and advance of expenses provided by the Charter and these By-Laws shall not be deemed exclusive of any other rights to which a person seeking indemnification or advance of expenses may be entitled under any law (common or statutory), or any agreement, vote of stockholders or disinterested directors or other provision that is consistent with law, both as to action in his official capacity and as to action in another capacity while holding office or while employed by or acting as agent for the Corporation, shall continue in respect of all events occurring while a person was a director or officer after such person has ceased to be a director or officer, and shall inure to the benefit of the estate, heirs, executors and administrators of such person. All rights to indemnification and advance of expenses under the Charter of the Corporation and hereunder shall be deemed to be a contract between the Corporation and each director or officer of the Corporation who serves or served in such capacity at any time while this By-Law is in effect. Nothing herein shall prevent the amendment of this By-Law, provided that no such amendment shall diminish the rights of any person hereunder with respect to events occurring or claims made before its adoption or as to claims made after its adoption in respect of events occurring before its adoption. Any repeal or modification of this By-Law shall not in any way diminish any rights to indemnification or advance of expenses of such director or officer or the obligations of the Corporation arising hereunder with respect to events occurring, or claims made, while this By-Law or any provision hereof is in force.

SECTION 8.03. SEVERABILITY; DEFINITIONS. The invalidity or unenforceability of any provision of this Article VIII shall not affect the validity or enforceability of any other provision hereof. The phrase "this By-Law" in this Article VIII means this Article VIII in its entirety.

ARTICLE IX.
SUNDRY PROVISIONS

SECTION 9.01. BOOKS AND RECORDS. The Corporation shall keep correct and complete books and records of its accounts and transactions and minutes of the proceedings of its stockholders and Board of Directors and of any executive or other committee when exercising any of the powers of the Board of Directors. The books and records of a Corporation may be in written form or in any other form which can be converted within a reasonable time into written form for visual inspection. Minutes shall be recorded in written form but may be maintained in the form of a reproduction. The original or a certified copy of the By-Laws shall be kept at the principal office of the Corporation.

SECTION 9.02. CORPORATE SEAL. The Board of Directors shall provide a suitable seal, bearing the name of the Corporation, which shall be in the charge of the Secretary. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof. If the Corporation is required to place its corporate seal to a document, it is sufficient to meet the requirement of any law, rule, or regulation relating to a corporate seal to place the word "Seal" adjacent to the signature of the person authorized to sign the document on behalf of the Corporation.

SECTION 9.03. BONDS. The Board of Directors may require any officer, agent or employee of the Corporation to give a bond to the Corporation, conditioned upon the faithful discharge of his duties, with one or more sureties and in such amount as may be satisfactory to the Board of Directors.

SECTION 9.04. VOTING UPON SHARES IN OTHER CORPORATIONS. Stock of other corporations or associations, registered in the name of the Corporation, may be voted by the President, a Vice-President, or a proxy appointed by either of them. The Board of Directors, however, may by resolution appoint some other person to vote such shares, in which case such person shall be entitled to vote such shares upon the production of a certified copy of such resolution.

SECTION 9.05. MAIL. Any notice or other document which is required by these By-Laws to be mailed shall be deposited in the United States mails, postage prepaid.

SECTION 9.06. EXECUTION OF DOCUMENTS. A person who holds more than one office in the Corporation may not act in more than one capacity to execute, acknowledge, or verify an instrument required by law to be executed, acknowledged, or verified by more than one officer.

SECTION 9.07. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his or her duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

SECTION 9.08. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his or her personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to those of or relating to the Corporation.

SECTION 9.09. AMENDMENTS. In accordance with the Charter, these By-Laws may be repealed, altered, amended or rescinded by the stockholders of the Corporation (considered for this purpose as one class) by the affirmative vote of not less than 80% of all the votes entitled to be cast generally in the election of directors which are cast on the matter at any meeting of the stockholders called for that purpose (provided that notice of such proposed repeal, alteration, amendment or rescission is included in the notice of such meeting).

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

In connection with the Quarterly Report of Simon Property Group, Inc. and SPG Realty Consultants, Inc. (the "Companies"), on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David Simon, Chief Executive Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ David Simon

David Simon
Chief Executive Officer
August 14, 2002

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[EXHIBIT 99.1](#)

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

In connection with the Quarterly Report of Simon Property Group, Inc. and SPG Realty Consultants, Inc. (the "Companies"), on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stephen E. Sterrett, Chief Financial Officer of the Companies, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Companies.

/s/ Stephen E. Sterrett

Stephen E. Sterrett
Chief Financial Officer
August 14, 2002

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[EXHIBIT 99.2](#)